

Union Calendar No. 223

104TH CONGRESS
2D Session

H. R. 2854

[Report No. 104-462, Parts I and II]

A BILL

To modify the operation of certain agricultural programs.

FEBRUARY 9, 1996

Reported from the Committee on Agriculture with an amendment

FEBRUARY 9, 1996

Referral to the Committee on Ways and Means extended for a period ending not later than February 9, 1996

FEBRUARY 9, 1996

Committee on Ways and Means discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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To modify the operation of certain agricultural programs.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1996

Mr. ROBERTS (for himself, Mr. EMERSON, Mr. ALLARD, Mr. BARRETT of Nebraska, Mr. EWING, Mr. COMBEST, Mr. BOEHNER, Mr. CHAMBLISS, and Mr. NETHERCUTT) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

FEBRUARY 9, 1996

Additional sponsors: Mr. TIAHRT, Mr. EVERETT, Mr. LEWIS of Kentucky, Mr. SMITH of Michigan, Mr. CHRYSLER, Mr. EHLERS, and Mr. GUNDERSON

FEBRUARY 9, 1996

Reported from the Committee on Agriculture with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

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Referral to the Committee on Ways and Means extended for a period ending not later than February 9, 1996

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Committee on Ways and Means discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on January 5, 1996]

A BILL

To modify the operation of certain agricultural programs.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the “Ag-*
 5 *ricultural Market Transition Act”.*

6 (b) *TABLE OF CONTENTS.*—*The table of contents of this*
 7 *Act is as follows:*

Sec. 1. Short title; table of contents.

TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM

Sec. 101. Purpose.

Sec. 102. Definitions.

Sec. 103. Production flexibility contracts.

Sec. 104. Nonrecourse marketing assistance loans and loan deficiency payments.

Sec. 105. Payment limitations.

Sec. 106. Peanut program.

Sec. 107. Sugar program.

Sec. 108. Administration.

Sec. 109. Elimination of permanent price support authority.

Sec. 110. Effect of amendments.

TITLE II—DAIRY

Subtitle A—Milk Price Support and Other Activities

Sec. 201. Milk price support program.

Sec. 202. Recourse loans for commercial processors of dairy products.

Sec. 203. Dairy export incentive program.

Sec. 204. Dairy promotion program.

Sec. 205. Fluid milk standards under milk marketing orders.

Sec. 206. Manufacturing allowance.

Sec. 207. Establishment of temporary Class I price and temporary Class I equali-
zation pools.

Sec. 208. Establishment of temporary Class IV price and temporary Class IV
equalization pool.

Sec. 209. Authority for establishment of standby pools.

Subtitle B—Reform of Federal Milk Marketing Orders

Sec. 221. Issuance or amendment of Federal milk marketing orders to implement
certain reforms.

Sec. 222. Reform process.

Sec. 223. Effect of failure to comply with reform process requirements.

TITLE III—CONSERVATION

Sec. 301. Conservation.

TITLE IV—AGRICULTURAL PROMOTION AND EXPORT PROGRAMS

Sec. 401. Market promotion program.

Sec. 402. Export enhancement program.

TITLE V—MISCELLANEOUS

Sec. 501. Crop insurance.

Sec. 502. Collection and use of agricultural quarantine and inspection fees.

Sec. 503. Commodity Credit Corporation interest rate.

Sec. 504. Establishment of Office of Risk Management.

Sec. 505. Business Interruption Insurance Program.

Sec. 506. Continuation of options pilot program.

TITLE VI—COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

Sec. 601. Establishment.

Sec. 602. Composition.

Sec. 603. Comprehensive review of past and future of production agriculture.

Sec. 604. Reports.

Sec. 605. Powers.

Sec. 606. Commission procedures.

Sec. 607. Personnel matters.

Sec. 608. Termination of Commission.

TITLE VII—EXTENSION OF CERTAIN AUTHORITIES

Sec. 701. Extension of authority under Public Law 480.

Sec. 702. Extension of food for progress program.

TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM

SEC. 101. PURPOSE.

It is the purpose of this title—

(1) to authorize the use of binding production flexibility contracts between the United States and agricultural producers to support farming certainty and flexibility while ensuring continued compliance with

1 *farm conservation compliance plans and wetland pro-*
 2 *tection requirements;*

3 *(2) to make nonrecourse marketing assistance*
 4 *loans and loan deficiency available for certain crops;*

5 *(3) to improve the operation of farm programs*
 6 *for peanuts and sugar; and*

7 *(4) to terminate price support authority under*
 8 *the Agricultural Act of 1949.*

9 **SEC. 102. DEFINITIONS.**

10 *In this title:*

11 *(1) CONSIDERED PLANTED.—The term “consid-*
 12 *ered planted” means acreage that is considered plant-*
 13 *ed under title V of the Agricultural Act of 1949 (7*
 14 *U.S.C. 1461 et seq.) (as in effect prior to the amend-*
 15 *ment made by section 109(b)(2)).*

16 *(2) CONTRACT.—The term “contract” means a*
 17 *production flexibility contract entered into under sec-*
 18 *tion 103.*

19 *(3) CONTRACT ACREAGE.—The term “contract*
 20 *acreage” means 1 or more crop acreage bases estab-*
 21 *lished for contract commodities under title V of the*
 22 *Agricultural Act of 1949 (as in effect prior to the*
 23 *amendment made by section 109(b)(2)) that would*
 24 *have been in effect for the 1996 crop (but for the*
 25 *amendment made by section 109(b)(2)).*

1 (4) *CONTRACT COMMODITY.*—The term “contract
2 commodity” means wheat, corn, grain sorghum, bar-
3 ley, oats, upland cotton, and rice.

4 (5) *CONTRACT PAYMENT.*—The term “contract
5 payment” means a payment made under section 103
6 pursuant to a contract.

7 (6) *CORN.*—The term “corn” means field corn.

8 (7) *DEPARTMENT.*—The term “Department”
9 means the United States Department of Agriculture.

10 (8) *FARM PROGRAM PAYMENT YIELD.*—The term
11 “farm program payment yield” means the farm pro-
12 gram payment yield established for the 1995 crop of
13 a contract commodity under title V of the Agricul-
14 tural Act of 1949 (as in effect prior to the amendment
15 made by section 109(b)(2)).

16 (9) *LOAN COMMODITY.*—The term “loan com-
17 modity” means each contract commodity, extra long
18 staple cotton, and oilseeds.

19 (10) *OILSEED.*—The term “oilseed” means a
20 crop of soybeans, sunflower seed, rapeseed, canola, saf-
21 flower, flaxseed, mustard seed, or, if designated by the
22 Secretary, other oilseeds.

23 (11) *PERSON.*—The term “person” means an in-
24 dividual, partnership, firm, joint-stock company, cor-
25 poration, association, trust, estate, or State agency.

1 (12) *PRODUCER*.—

2 (A) *IN GENERAL*.—*The term “producer”*
3 *means a person who, as owner, landlord, tenant,*
4 *or sharecropper, shares in the risk of producing*
5 *a crop, and is entitled to share in the crop avail-*
6 *able for marketing from the farm, or would have*
7 *shared had the crop been produced.*

8 (B) *HYBRID SEED*.—*The term “producer”*
9 *includes a person growing hybrid seed under*
10 *contract. In determining the interest of a grower*
11 *of hybrid seed in a crop, the Secretary shall not*
12 *take into consideration the existence of a hybrid*
13 *seed contract.*

14 (13) *PROGRAM*.—*The term “program” means the*
15 *agricultural market transition program established*
16 *under this title.*

17 (14) *SECRETARY*.—*The term “Secretary” means*
18 *the Secretary of Agriculture.*

19 (15) *STATE*.—*The term “State” means each of*
20 *the several States of the United States, the District of*
21 *Columbia, the Commonwealth of Puerto Rico, and*
22 *any other territory or possession of the United States.*

23 (16) *UNITED STATES*.—*The term “United*
24 *States”, when used in a geographical sense, means all*
25 *of the States.*

1 **SEC. 103. PRODUCTION FLEXIBILITY CONTRACTS.**

2 (a) *CONTRACTS AUTHORIZED.*—

3 (1) *OFFER AND TERMS.*—*Beginning as soon as*
 4 *practicable after the date of the enactment of this*
 5 *title, the Secretary shall offer to enter into a contract*
 6 *with an eligible owner or operator described in para-*
 7 *graph (2) on a farm containing eligible farmland.*
 8 *Under the terms of a contract, the owner or operator*
 9 *shall agree, in exchange for annual contract pay-*
 10 *ments, to comply with—*

11 (A) *the conservation plan for the farm pre-*
 12 *pared in accordance with section 1212 of the*
 13 *Food Security Act of 1985 (16 U.S.C. 3812);*

14 (B) *wetland protection requirements appli-*
 15 *cable to the farm under subtitle C of title XII of*
 16 *the Act (16 U.S.C. 3821 et seq.); and*

17 (C) *the planting flexibility requirements of*
 18 *subsection (j).*

19 (2) *ELIGIBLE OWNERS AND OPERATORS DE-*
 20 *SCRIBED.*—*The following persons shall be considered*
 21 *to be an owner or operator eligible to enter into a*
 22 *contract:*

23 (A) *An owner of eligible farmland who as-*
 24 *sumes all of the risk of producing a crop.*

25 (B) *An owner of eligible farmland who*
 26 *shares in the risk of producing a crop.*

1 (C) *An operator of eligible farmland with a*
2 *share-rent lease of the eligible farmland, regard-*
3 *less of the length of the lease, if the owner enters*
4 *into the same contract.*

5 (D) *An operator of eligible farmland who*
6 *cash rents the eligible farmland under a lease ex-*
7 *piring on or after September 30, 2002, in which*
8 *case the consent of the owner is not required.*

9 (E) *An operator of eligible farmland who*
10 *cash rents the eligible farmland under a lease ex-*
11 *piring before September 30, 2002, if the owner*
12 *consents to the contract.*

13 (F) *An owner of eligible farmland who cash*
14 *rents the eligible farmland and the lease term ex-*
15 *pires before September 30, 2002, but only if the*
16 *actual operator of the farm declines to enter into*
17 *a contract. In the case of an owner covered by*
18 *this subparagraph, contract payments shall not*
19 *begin under a contract until the fiscal year fol-*
20 *lowing the fiscal year in which the lease held by*
21 *the nonparticipating operator expires.*

22 (G) *An owner or operator described in any*
23 *preceding subparagraph of this paragraph re-*
24 *gardless of whether the owner or operator pur-*
25 *chased catastrophic risk protection for a fall-*

1 *planted 1996 crop under section 508(b) of the*
2 *Federal Crop Insurance Act (7 U.S.C. 1508(b)).*

3 (3) *TENANTS AND SHARECROPPERS.—In carry-*
4 *ing out this section, the Secretary shall provide ade-*
5 *quate safeguards to protect the interests of operators*
6 *who are tenants and sharecroppers.*

7 (b) *ELEMENTS.—*

8 (1) *TIME FOR CONTRACTING.—*

9 (A) *DEADLINE.—Except as provided in sub-*
10 *paragraph (B), the Secretary may not enter into*
11 *a contract after April 15, 1996.*

12 (B) *CONSERVATION RESERVE LANDS.—*

13 (i) *IN GENERAL.—At the beginning of*
14 *each fiscal year, the Secretary shall allow*
15 *an eligible owner or operator on a farm cov-*
16 *ered by a conservation reserve contract en-*
17 *tered into under section 1231 of the Food*
18 *Security Act of 1985 (16 U.S.C. 3831) that*
19 *terminates after the date specified in sub-*
20 *paragraph (A) to enter into or expand a*
21 *production flexibility contract to cover the*
22 *contract acreage of the farm that was sub-*
23 *ject to the former conservation reserve con-*
24 *tract.*

1 (ii) *AMOUNT.*—*Contract payments*
 2 *made for contract acreage under this sub-*
 3 *paragraph shall be made at the rate and*
 4 *amount applicable to the annual contract*
 5 *payment level for the applicable crop.*

6 (2) *DURATION OF CONTRACT.*—

7 (A) *BEGINNING DATE.*—*A contract shall*
 8 *begin with—*

9 (i) *the 1996 crop of a contract com-*
 10 *modity; or*

11 (ii) *in the case of acreage that was sub-*
 12 *ject to a conservation reserve contract de-*
 13 *scribed in paragraph (1)(B), the date the*
 14 *production flexibility contract was entered*
 15 *into or expanded to cover the acreage.*

16 (B) *ENDING DATE.*—*A contract shall extend*
 17 *through the 2002 crop.*

18 (3) *ESTIMATION OF CONTRACT PAYMENTS.*—*At*
 19 *the time the Secretary enters into a contract, the Sec-*
 20 *retary shall provide an estimate of the minimum con-*
 21 *tract payments anticipated to be made during at*
 22 *least the first fiscal year for which contract payments*
 23 *will be made.*

24 (c) *ELIGIBLE FARMLAND DESCRIBED.*—*Land shall be*
 25 *considered to be farmland eligible for coverage under a con-*

1 tract only if the land has contract acreage attributable to
 2 the land and—

3 (1) for at least 1 of the 1991 through 1995 crops,
 4 at least a portion of the land was enrolled in the acre-
 5 age reduction program authorized for a crop of a con-
 6 tract commodity under section 101B, 103B, 105B, or
 7 107B of the Agricultural Act of 1949 (as in effect
 8 prior to the amendment made by section 109(b)(2)) or
 9 was considered planted;

10 (2) was subject to a conservation reserve contract
 11 under section 1231 of the Food Security Act of 1985
 12 (16 U.S.C. 3831) whose term expired, or was volun-
 13 tarily terminated, on or after January 1, 1995; or

14 (3) is released from coverage under a conserva-
 15 tion reserve contract by the Secretary during the pe-
 16 riod beginning on January 1, 1995, and ending on
 17 the date specified in subsection (b)(1)(A).

18 (d) *TIME FOR PAYMENT.*—

19 (1) *IN GENERAL.*—An annual contract payment
 20 shall be made not later than September 30 of each of
 21 fiscal years 1996 through 2002.

22 (2) *ADVANCE PAYMENTS.*—

23 (A) *FISCAL YEAR 1996.*—At the option of the
 24 owner or operator, 50 percent of the contract

1 *payment for fiscal year 1996 shall be made not*
 2 *later than June 15, 1996.*

3 *(B) SUBSEQUENT FISCAL YEARS.—At the*
 4 *option of the owner or operator for fiscal year*
 5 *1997 and each subsequent fiscal year, 50 percent*
 6 *of the annual contract payment shall be made on*
 7 *December 15.*

8 *(e) AMOUNTS AVAILABLE FOR CONTRACT PAYMENTS*
 9 *FOR EACH FISCAL YEAR.—*

10 *(1) IN GENERAL.—The Secretary shall, to the*
 11 *maximum extent practicable, expend on a fiscal year*
 12 *basis the following amounts to satisfy the obligations*
 13 *of the Secretary under all contracts:*

14 *(A) For fiscal year 1996, \$5,570,000,000.*

15 *(B) For fiscal year 1997, \$5,385,000,000.*

16 *(C) For fiscal year 1998, \$5,800,000,000.*

17 *(D) For fiscal year 1999, \$5,603,000,000.*

18 *(E) For fiscal year 2000, \$5,130,000,000.*

19 *(F) For fiscal year 2001, \$4,130,000,000.*

20 *(G) For fiscal year 2002, \$4,008,000,000.*

21 *(2) ALLOCATION.—The amount made available*
 22 *for a fiscal year under paragraph (1) shall be allo-*
 23 *cated as follows:*

24 *(A) For wheat, 26.26 percent.*

25 *(B) For corn, 46.22 percent.*

1 (C) *For grain sorghum, 5.11 percent.*

2 (D) *For barley, 2.16 percent.*

3 (E) *For oats, 0.15 percent.*

4 (F) *For upland cotton, 11.63 percent.*

5 (G) *For rice, 8.47 percent.*

6 (3) *ADJUSTMENT.—The Secretary shall adjust*
 7 *the amounts allocated for each contract commodity*
 8 *under paragraph (2) for a particular fiscal year by—*

9 (A) *adding an amount equal to the sum of*
 10 *all repayments of deficiency payments received*
 11 *under section 114(a)(2) of the Agricultural Act*
 12 *of 1949 (as in effect prior to the amendment*
 13 *made by section 109(b)(2)) for the commodity;*

14 (B) *to the maximum extent practicable,*
 15 *adding an amount equal to the sum of all con-*
 16 *tract payments withheld by the Secretary, at the*
 17 *request of an owner or operator subject to a con-*
 18 *tract, as an offset against repayments of defi-*
 19 *ciency payments otherwise required under sec-*
 20 *tion 114(a)(2) of the Act (as so in effect) for the*
 21 *commodity;*

22 (C) *adding an amount equal to the sum of*
 23 *all refunds of contract payments received during*
 24 *the preceding fiscal year under subsection (h) of*
 25 *this section for the commodity; and*

1 (D) subtracting an amount equal to the
 2 amount, if any, necessary during that fiscal year
 3 to satisfy payment requirements for the commod-
 4 ity under sections 103B, 105B, or 107B of the
 5 Agricultural Act of 1949 (as in effect prior to the
 6 amendment made by section 109(b)(2)) for the
 7 1994 and 1995 crop years.

8 (4) SPECIAL ADJUSTMENT TO COVER EXISTING
 9 RICE PAYMENT REQUIREMENTS.—As soon as possible
 10 after the date of the enactment of this Act, the Sec-
 11 retary shall determine the amount, if any, necessary
 12 to satisfy remaining payment requirements under sec-
 13 tion 101B of the Agricultural Act of 1949 (as in effect
 14 prior to the amendment made by section 109(b)(2))
 15 for the 1994 and 1995 crops of rice. The total amount
 16 determined under this paragraph shall be deducted,
 17 in equal amounts each fiscal year, from the amount
 18 allocated for rice under paragraph (2)(G) for fiscal
 19 years after the fiscal year in which the final remain-
 20 ing payments are made for rice.

21 (f) DETERMINATION OF CONTRACT PAYMENTS.—

22 (1) INDIVIDUAL PAYMENT QUANTITY OF CON-
 23 TRACT COMMODITIES.—For each contract, the pay-
 24 ment quantity of a contract commodity for each fiscal
 25 year shall be equal to the product of—

1 (A) 85 percent of the contract acreage; and

2 (B) the farm program payment yield.

3 (2) ANNUAL PAYMENT QUANTITY OF CONTRACT
4 COMMODITIES.—The payment quantity of each con-
5 tract commodity covered by all contracts for each fis-
6 cal year shall equal the sum of the amounts calculated
7 under paragraph (1) for each individual contract.

8 (3) ANNUAL PAYMENT RATE.—The payment rate
9 for a contract commodity for each fiscal year shall be
10 equal to—

11 (A) the amount made available under sub-
12 section (e) for the contract commodity for the fis-
13 cal year; divided by

14 (B) the amount determined under para-
15 graph (2) for the fiscal year.

16 (4) ANNUAL PAYMENT AMOUNT.—The amount to
17 be paid under a contract in effect for each fiscal year
18 with respect to a contract commodity shall be equal
19 to the product of—

20 (A) the payment quantity determined under
21 paragraph (1) with respect to the contract; and

22 (B) the payment rate in effect under para-
23 graph (3).

24 (5) ASSIGNMENT OF CONTRACT PAYMENTS.—The
25 provisions of section 8(g) of the Soil Conservation and

1 *Domestic Allotment Act (16 U.S.C. 590h(g)) (relating*
 2 *to assignment of payments) shall apply to contract*
 3 *payments under this subsection. The owner or opera-*
 4 *tor making the assignment, or the assignee, shall pro-*
 5 *vide the Secretary with notice, in such manner as the*
 6 *Secretary may require in the contract, of any assign-*
 7 *ment made under this paragraph.*

8 (6) *SHARING OF CONTRACT PAYMENTS.—The*
 9 *Secretary shall provide for the sharing of contract*
 10 *payments among the owners and operators subject to*
 11 *the contract on a fair and equitable basis.*

12 (g) *PAYMENT LIMITATION.—The total amount of con-*
 13 *tract payments made to a person under a contract during*
 14 *any fiscal year may not exceed the payment limitations es-*
 15 *tablished under sections 1001 through 1001C of the Food*
 16 *Security Act of 1985 (7 U.S.C. 1308 through 1308–3).*

17 (h) *EFFECT OF VIOLATION.—*

18 (1) *TERMINATION OF CONTRACT.—Except as pro-*
 19 *vided in paragraph (2), if an owner or operator sub-*
 20 *ject to a contract violates the conservation plan for*
 21 *the farm containing eligible farmland under the con-*
 22 *tract, wetland protection requirements applicable to*
 23 *the farm, or the planting flexibility requirements of*
 24 *subsection (j), the Secretary shall terminate the con-*
 25 *tract with respect to the owner or operator on each*

1 *farm in which the owner or operator has an interest.*
2 *On the termination, the owner or operator shall for-*
3 *feit all rights to receive future contract payments on*
4 *each farm in which the owner or operator has an in-*
5 *terest and shall refund to the Secretary all contract*
6 *payments received by the owner or operator during*
7 *the period of the violation, together with interest on*
8 *the contract payments as determined by the Sec-*
9 *retary.*

10 (2) *REFUND OR ADJUSTMENT.*—*If the Secretary*
11 *determines that a violation does not warrant termi-*
12 *nation of the contract under paragraph (1), the Sec-*
13 *retary may require the owner or operator subject to*
14 *the contract—*

15 (A) *to refund to the Secretary that part of*
16 *the contract payments received by the owner or*
17 *operator during the period of the violation, to-*
18 *gether with interest on the contract payments as*
19 *determined by the Secretary; or*

20 (B) *to accept a reduction in the amount of*
21 *future contract payments that is proportionate*
22 *to the severity of the violation, as determined by*
23 *the Secretary.*

24 (3) *FORECLOSURE.*—*An owner or operator sub-*
25 *ject to a contract may not be required to make repay-*

1 *ments to the Secretary of amounts received under the*
2 *contract if the contract acreage has been foreclosed on*
3 *and the Secretary determines that forgiving the re-*
4 *payments is appropriate in order to provide fair and*
5 *equitable treatment. This paragraph shall not void*
6 *the responsibilities of such an owner or operator*
7 *under the contract if the owner or operator continues*
8 *or resumes operation, or control, of the contract acre-*
9 *age. On the resumption of operation or control over*
10 *the contract acreage by the owner or operator, the*
11 *provisions of the contract in effect on the date of the*
12 *foreclosure shall apply.*

13 *(4) REVIEW.—A determination of the Secretary*
14 *under this subsection shall be considered to be an ad-*
15 *verse decision for purposes of the availability of ad-*
16 *ministrative review of the determination.*

17 *(i) TRANSFER OF INTEREST IN LANDS SUBJECT TO*
18 *CONTRACT.—*

19 *(1) EFFECT OF TRANSFER.—Except as provided*
20 *in paragraph (2), the transfer by an owner or opera-*
21 *tor subject to a contract of the right and interest of*
22 *the owner or operator in the contract acreage shall re-*
23 *sult in the termination of the contract with respect to*
24 *the acreage, effective on the date of the transfer, unless*
25 *the transferee of the acreage agrees with the Secretary*

1 to assume all obligations of the contract. At the re-
 2 quest of the transferee, the Secretary may modify the
 3 contract if the modifications are consistent with the
 4 objectives of this section as determined by the Sec-
 5 retary.

6 (2) *EXCEPTION.*—If an owner or operator who is
 7 entitled to a contract payment dies, becomes incom-
 8 petent, or is otherwise unable to receive the contract
 9 payment, the Secretary shall make the payment, in
 10 accordance with regulations prescribed by the Sec-
 11 retary.

12 (j) *PLANTING FLEXIBILITY.*—

13 (1) *PERMITTED CROPS.*—Subject to paragraph
 14 (2), any commodity or crop may be planted on con-
 15 tract acreage on a farm.

16 (2) *LIMITATIONS.*—

17 (A) *HAYING AND GRAZING.*—

18 (i) *TIME LIMITATIONS.*—Haying and
 19 grazing on land exceeding 15 percent of the
 20 contract acreage on a farm as provided in
 21 clause (iii) shall be permitted, except during
 22 any consecutive 5-month period between
 23 April 1 and October 31 that is determined
 24 by the State committee established under
 25 section 8(b) of the Soil Conservation and

1 *Domestic Allotment Act (6 U.S.C. 590h(b))*
 2 *for a State. In the case of a natural disas-*
 3 *ter, the Secretary may permit unlimited*
 4 *haying and grazing on the contract acreage*
 5 *of a farm.*

6 (ii) *CONTRACT COMMODITIES.—Con-*
 7 *tract acreage planted to a contract commod-*
 8 *ity for harvest may be hayed or grazed at*
 9 *any time without limitation.*

10 (iii) *HAYING AND GRAZING LIMITATION*
 11 *ON PORTION OR CONTRACT ACREAGE.—Un-*
 12 *limited haying and grazing shall be per-*
 13 *mitted on not more than 15 percent of the*
 14 *contract acreage on a farm.*

15 (B) *ALFALFA.—Alfalfa may be grown on*
 16 *contract acreage in excess of the acreage limita-*
 17 *tion in subparagraph (A)(iii) and without re-*
 18 *gard to the time limitation in subparagraph*
 19 *(A)(i), except that each contract acre on a farm*
 20 *that is planted for harvest to alfalfa in excess of*
 21 *15 percent of the total contract acreage on the*
 22 *farm shall be ineligible for contract payments.*

23 (C) *FRUITS AND VEGETABLES.—*

24 (i) *IN GENERAL.—The planting for*
 25 *harvest of fruits and vegetables shall be pro-*

1 hibited on contract acreage, except in any
2 region in which there is a history of double-
3 cropping, as determined by the Secretary.

4 (ii) *UNRESTRICTED VEGETABLES.*—
5 Notwithstanding clause (i), lentils, mung
6 beans, and dry peas may be planted for
7 harvest without limitation on contract acre-
8 age.

9 **SEC. 104. NONRECOURSE MARKETING ASSISTANCE LOANS**
10 **AND LOAN DEFICIENCY PAYMENTS.**

11 (a) *AVAILABILITY OF MARKETING ASSISTANCE*
12 *LOANS.*—

13 (1) *NONRECOURSE LOANS AVAILABLE.*—For each
14 of the 1996 through 2002 crops of each loan commod-
15 ity, the Secretary shall make available to producers
16 on a farm nonrecourse marketing assistance loans for
17 loan commodities produced on the farm. The loans
18 shall be made under terms and conditions that are
19 prescribed by the Secretary and at the loan rate es-
20 tablished under subsection (b) for the loan commodity.

21 (2) *ELIGIBLE PRODUCTION.*—The following pro-
22 duction shall be eligible for a marketing assistance
23 loan under paragraph (1):

24 (A) In the case of a marketing assistance
25 loan for a contract commodity, any production

1 *by a producer who has entered into a production*
 2 *flexibility contract.*

3 *(B) In the case of a marketing assistance*
 4 *loan for extra long staple cotton and oilseeds,*
 5 *any production.*

6 (3) *RECOURSE LOANS FOR HIGH MOISTURE*
 7 *FEED GRAINS.—*

8 *(A) RECOURSE LOANS AVAILABLE.—For*
 9 *each of the 1996 through 2002 crops of corn and*
 10 *grain sorghum, the Secretary shall make avail-*
 11 *able recourse loans, as determined by the Sec-*
 12 *retary, to producers on a farm who—*

13 *(i) normally harvest all or a portion of*
 14 *their crop of corn or grain sorghum in a*
 15 *high moisture state;*

16 *(ii) present—*

17 *(I) certified scale tickets from an*
 18 *inspected, certified commercial scale,*
 19 *including licensed warehouses, feedlots,*
 20 *feed mills, distilleries, or other similar*
 21 *entities approved by the Secretary,*
 22 *pursuant to regulations issued by the*
 23 *Secretary; or*

24 *(II) present field or other physical*
 25 *measurements of the standing or stored*

1 crop in regions of the country, as de-
2 termined by the Secretary, that do not
3 have certified commercial scales from
4 which certified scale tickets may be ob-
5 tained within reasonable proximity of
6 harvest operation;

7 (iii) certify that they were the owners
8 of the feed grain at the time of delivery to,
9 and that the quantity to be placed under
10 loan under this paragraph was in fact har-
11 vested on the farm and delivered to, a feed-
12 lot, feed mill, or commercial or on-farm
13 high-moisture storage facility, or to such fa-
14 cilities maintained by the users of corn and
15 grain sorghum in a high moisture state;
16 and

17 (iv) comply with deadlines established
18 by the Secretary for harvesting the corn or
19 grain sorghum and submit applications for
20 loans under this paragraph within dead-
21 lines established by the Secretary.

22 (B) *ELIGIBILITY OF ACQUIRED FEED*
23 *GRAINS.*—Loans under this paragraph shall be
24 made on a quantity of corn or grain sorghum of

1 *the same crop acquired by the producer equiva-*
 2 *lent to a quantity determined by multiplying—*

3 *(i) the acreage of the corn or grain sor-*
 4 *ghum in a high moisture state harvested on*
 5 *the producer's farm; by*

6 *(ii) the lower of the farm program*
 7 *payment yield or the actual yield on a field,*
 8 *as determined by the Secretary, that is*
 9 *similar to the field from which the corn or*
 10 *grain sorghum was obtained.*

11 (C) *HIGH MOISTURE STATE DEFINED.—In*
 12 *this paragraph, the term “high moisture state”*
 13 *means corn or grain sorghum having a moisture*
 14 *content in excess of Commodity Credit Corpora-*
 15 *tion standards for marketing assistance loans*
 16 *made by the Secretary under paragraph (1).*

17 (b) *LOAN RATES.—*

18 (1) *WHEAT.—*

19 (A) *LOAN RATE.—Subject to subparagraph*
 20 *(B), the loan rate for a marketing assistance*
 21 *loan under subsection (a)(1) for wheat shall be—*

22 *(i) not less than 85 percent of the sim-*
 23 *ple average price received by producers of*
 24 *wheat, as determined by the Secretary, dur-*
 25 *ing the marketing years for the immediately*

preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not more than \$2.58 per bushel.

(B) STOCKS TO USE RATIO ADJUSTMENT.—

If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(i) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for wheat under subparagraph (B) shall not be considered in deter-

1 *mining the loan rate for wheat for subsequent*
2 *years.*

3 *(2) FEED GRAINS.—*

4 *(A) LOAN RATE FOR CORN.—Subject to sub-*
5 *paragraph (B), the loan rate for a marketing as-*
6 *sistance loan under subsection (a)(1) for corn*
7 *shall be—*

8 *(i) not less than 85 percent of the sim-*
9 *ple average price received by producers of*
10 *corn, as determined by the Secretary, dur-*
11 *ing the marketing years for the immediately*
12 *preceding 5 crops of corn, excluding the*
13 *year in which the average price was the*
14 *highest and the year in which the average*
15 *price was the lowest in the period; but*

16 *(ii) not more than \$1.89 per bushel.*

17 *(B) STOCKS TO USE RATIO ADJUSTMENT.—*

18 *If the Secretary estimates for any marketing*
19 *year that the ratio of ending stocks of corn to*
20 *total use for the marketing year will be—*

21 *(i) equal to or greater than 25 percent,*
22 *the Secretary may reduce the loan rate for*
23 *corn for the corresponding crop by an*
24 *amount not to exceed 10 percent in any*
25 *year;*

1 (ii) less than 25 percent but not less
 2 than 12.5 percent, the Secretary may reduce
 3 the loan rate for corn for the corresponding
 4 crop by an amount not to exceed 5 percent
 5 in any year; or

6 (iii) less than 12.5 percent the Sec-
 7 retary may not reduce the loan rate for corn
 8 for the corresponding crop.

9 (C) NO EFFECT ON FUTURE YEARS.—Any
 10 reduction in the loan rate for corn under sub-
 11 paragraph (B) shall not be considered in deter-
 12 mining the loan rate for corn for subsequent
 13 years.

14 (D) OTHER FEED GRAINS.—The loan rate
 15 for a marketing assistance loan under subsection
 16 (a)(1) for grain sorghum, barley, and oats, re-
 17 spectively, shall be established at such level as the
 18 Secretary determines is fair and reasonable in
 19 relation to the rate that loans are made available
 20 for corn, taking into consideration the feeding
 21 value of the commodity in relation to corn.

22 (3) UPLAND COTTON.—

23 (A) LOAN RATE.—Subject to subparagraph
 24 (B), the loan rate for a marketing assistance
 25 loan under subsection (a)(1) for upland cotton

1 *shall be established by the Secretary at such loan*
2 *rate, per pound, as will reflect for the base qual-*
3 *ity of upland cotton, as determined by the Sec-*
4 *retary, at average locations in the United States*
5 *a rate that is not less than the smaller of—*

6 *(i) 85 percent of the average price*
7 *(weighted by market and month) of the base*
8 *quality of cotton as quoted in the designated*
9 *United States spot markets during 3 years*
10 *of the 5-year period ending July 31 in the*
11 *year in which the loan rate is announced,*
12 *excluding the year in which the average*
13 *price was the highest and the year in which*
14 *the average price was the lowest in the pe-*
15 *riod; or*

16 *(ii) 90 percent of the average, for the*
17 *15-week period beginning July 1 of the year*
18 *in which the loan rate is announced, of the*
19 *5 lowest-priced growths of the growths*
20 *quoted for Middling 1³/₃₂-inch cotton C.I.F.*
21 *Northern Europe (adjusted downward by*
22 *the average difference during the period*
23 *April 15 through October 15 of the year in*
24 *which the loan is announced between the av-*
25 *erage Northern European price quotation of*

1 *such quality of cotton and the market*
 2 *quotations in the designated United States*
 3 *spot markets for the base quality of upland*
 4 *cotton), as determined by the Secretary.*

5 *(B) LIMITATIONS.—The loan rate for a*
 6 *marketing assistance loan for upland cotton shall*
 7 *not be less than \$0.50 per pound or more than*
 8 *\$0.5192 per pound.*

9 *(4) EXTRA LONG STAPLE COTTON.—The loan*
 10 *rate for a marketing assistance loan under subsection*
 11 *(a)(1) for extra long staple cotton shall be—*

12 *(A) not less than 85 percent of the simple*
 13 *average price received by producers of extra long*
 14 *staple cotton, as determined by the Secretary,*
 15 *during 3 years of the 5 previous marketing*
 16 *years, excluding the year in which the average*
 17 *price was the highest and the year in which the*
 18 *average price was the lowest in the period; but*

19 *(B) not more than \$0.7965 per pound.*

20 *(5) RICE.—The loan rate for a marketing assist-*
 21 *ance loan under subsection (a)(1) for rice shall be*
 22 *\$6.50 per hundredweight.*

23 *(6) OILSEEDS.—*

1 (A) *SOYBEANS.*—*The loan rate for a mar-*
 2 *keting assistance loan under subsection (a)(1) for*
 3 *soybeans shall be \$4.92 per bushel.*

4 (B) *SUNFLOWER SEED, CANOLA, RAPESEED,*
 5 *SAFFLOWER, MUSTARD SEED, AND FLAXSEED.*—
 6 *The loan rates for a marketing assistance loan*
 7 *under subsection (a)(1) for sunflower seed,*
 8 *canola, rapeseed, safflower, mustard seed, and*
 9 *flaxseed, individually, shall be \$0.087 per pound.*

10 (C) *OTHER OILSEEDS.*—*The loan rates for*
 11 *a marketing assistance loan under subsection*
 12 *(a)(1) for other oilseeds shall be established at*
 13 *such level as the Secretary determines is fair and*
 14 *reasonable in relation to the loan rate available*
 15 *for soybeans, except in no event shall the rate for*
 16 *the oilseeds (other than cottonseed) be less than*
 17 *the rate established for soybeans on a per-pound*
 18 *basis for the same crop.*

19 (c) *TERM OF LOAN.*—*In the case of each loan commod-*
 20 *ity (other than upland cotton or extra long staple cotton),*
 21 *a marketing assistance loan under subsection (a)(1) shall*
 22 *have a term of 9 months beginning on the first day of the*
 23 *first month after the month in which the loan is made. A*
 24 *marketing assistance loan for upland cotton or extra long*
 25 *staple cotton shall have a term of 10 months beginning on*

1 *the first day of the first month after the month in which*
 2 *the loan is made. The Secretary may not extend the term*
 3 *of a marketing assistance loan for any loan commodity.*

4 *(d) REPAYMENT.—*

5 *(1) REPAYMENT RATES GENERALLY.—The Sec-*
 6 *retary shall permit producers to repay a marketing*
 7 *assistance loan under subsection (a)(1) for a loan*
 8 *commodity (other than extra long staple cotton) at a*
 9 *level that is the lesser of—*

10 *(A) the loan rate established for the com-*
 11 *modity under subsection (b); or*

12 *(B) the prevailing world market price for*
 13 *the commodity (adjusted to United States qual-*
 14 *ity and location), as determined by the Sec-*
 15 *retary.*

16 *(2) ADDITIONAL REPAYMENT RATES FOR WHEAT,*
 17 *FEED GRAINS, AND OILSEEDS.—In the case of a mar-*
 18 *keting assistance loan under subsection (a)(1) for*
 19 *wheat, corn, grain sorghum, barley, oats, or oilseeds,*
 20 *the Secretary shall also permit a producer to repay*
 21 *the loan at such level as the Secretary determines*
 22 *will—*

23 *(A) minimize potential loan forfeitures;*

24 *(B) minimize the accumulation of stocks of*
 25 *the commodity by the Federal Government;*

1 (C) minimize the cost incurred by the Fed-
2 eral Government in storing the commodity; and

3 (D) allow the commodity produced in the
4 United States to be marketed freely and competi-
5 tively, both domestically and internationally.

6 (3) *REPAYMENT RATES FOR EXTRA LONG STAPLE*
7 *COTTON.*—Repayment of a marketing assistance loan
8 for extra long staple cotton shall be at the loan rate
9 established for the commodity under subsection (b),
10 plus interest (as determined by the Secretary).

11 (4) *PREVAILING WORLD MARKET PRICE.*—For
12 purposes of paragraph (1) and subsection (f), the Sec-
13 retary shall prescribe by regulation—

14 (A) a formula to determine the prevailing
15 world market price for each loan commodity, ad-
16 justed to United States quality and location; and

17 (B) a mechanism by which the Secretary
18 shall announce periodically the prevailing world
19 market price for each loan commodity.

20 (5) *ADJUSTMENT OF PREVAILING WORLD MAR-*
21 *KET PRICE FOR UPLAND COTTON.*—

22 (A) *IN GENERAL.*—During the period end-
23 ing July 31, 2003, the prevailing world market
24 price for upland cotton (adjusted to United

1 *States quality and location) established under*
 2 *paragraph (4) shall be further adjusted if—*

3 *(i) the adjusted prevailing world mar-*
 4 *ket price is less than 115 percent of the loan*
 5 *rate for upland cotton established under*
 6 *subsection (b), as determined by the Sec-*
 7 *retary; and*

8 *(ii) the Friday through Thursday aver-*
 9 *age price quotation for the lowest-priced*
 10 *United States growth as quoted for Mid-*
 11 *dling (M) 1³/₃₂-inch cotton delivered C.I.F.*
 12 *Northern Europe is greater than the Friday*
 13 *through Thursday average price of the 5*
 14 *lowest-priced growths of upland cotton, as*
 15 *quoted for Middling (M) 1³/₃₂-inch cotton,*
 16 *delivered C.I.F. Northern Europe (referred*
 17 *to in this subsection as the “Northern Eu-*
 18 *rope price”).*

19 *(B) FURTHER ADJUSTMENT.—Except as*
 20 *provided in subparagraph (C), the adjusted pre-*
 21 *vailing world market price for upland cotton*
 22 *shall be further adjusted on the basis of some or*
 23 *all of the following data, as available:*

24 *(i) The United States share of world*
 25 *exports.*

1 (ii) *The current level of cotton export*
 2 *sales and cotton export shipments.*

3 (iii) *Other data determined by the Sec-*
 4 *retary to be relevant in establishing an ac-*
 5 *curate prevailing world market price for*
 6 *upland cotton (adjusted to United States*
 7 *quality and location).*

8 (C) *LIMITATION ON FURTHER ADJUST-*
 9 *MENT.—The adjustment under subparagraph (B)*
 10 *may not exceed the difference between—*

11 (i) *the Friday through Thursday aver-*
 12 *age price for the lowest-priced United States*
 13 *growth as quoted for Middling 1³/₃₂-inch*
 14 *cotton delivered C.I.F. Northern Europe;*
 15 *and*

16 (ii) *the Northern Europe price.*

17 (e) *LOAN DEFICIENCY PAYMENTS.—*

18 (1) *AVAILABILITY.—Except as provided in para-*
 19 *graph (4), the Secretary may make loan deficiency*
 20 *payments available to producers who, although eligi-*
 21 *ble to obtain a marketing assistance loan under sub-*
 22 *section (a)(1) with respect to a loan commodity, agree*
 23 *to forgo obtaining the loan for the commodity in re-*
 24 *turn for payments under this subsection.*

1 (2) *COMPUTATION.*—*A loan deficiency payment*
 2 *under this subsection shall be computed by multiply-*
 3 *ing—*

4 (A) *the loan payment rate determined*
 5 *under paragraph (3) for the loan commodity; by*

6 (B) *the quantity of the loan commodity that*
 7 *the producers on a farm are eligible to place*
 8 *under loan but for which the producers forgo ob-*
 9 *taining the loan in return for payments under*
 10 *this subsection.*

11 (3) *LOAN PAYMENT RATE.*—*For purposes of this*
 12 *subsection, the loan payment rate shall be the amount*
 13 *by which—*

14 (A) *the loan rate established under sub-*
 15 *section (b) for the loan commodity; exceeds*

16 (B) *the rate at which a loan for the com-*
 17 *modity may be repaid under subsection (d).*

18 (4) *EXCEPTION FOR EXTRA LONG STAPLE COT-*
 19 *TON.*—*This subsection shall not apply with respect to*
 20 *extra long staple cotton.*

21 (f) *SPECIAL MARKETING LOAN PROVISIONS FOR UP-*
 22 *LAND COTTON.*—

23 (1) *COTTON USER MARKETING CERTIFICATES.*—

24 (A) *ISSUANCE.*—*Subject to subparagraph*

25 (D), *during the period ending July 31, 2003, the*

Secretary shall issue marketing certificates or cash payments to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive 4-week period in which—

(i) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

(ii) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 130 percent of the loan rate for upland cotton established under subsection (b).

(B) *VALUE OF CERTIFICATES OR PAYMENTS.*—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

1 (C) *REDEMPTION, MARKETING, OR EX-*
2 *CHANGE.—The Secretary shall establish proce-*
3 *dures to assist persons receiving marketing cer-*
4 *tificates under this paragraph in the redemption*
5 *of certificates for cash, or in the marketing or ex-*
6 *change of certificates for agricultural commod-*
7 *ities owned by the Commodity Credit Corpora-*
8 *tion, in such manner and at such price levels as*
9 *the Secretary determines will best effectuate the*
10 *purposes of the marketing certificates. Any price*
11 *restrictions that may otherwise apply to the dis-*
12 *position of agricultural commodities by the Com-*
13 *modity Credit Corporation shall not apply to the*
14 *redemption of certificates under this paragraph.*

15 (D) *EXCEPTION.—The Secretary shall not*
16 *issue marketing certificates or cash payments*
17 *under subparagraph (A) if, for the immediately*
18 *preceding consecutive 10-week period, the Friday*
19 *through Thursday average price quotation for the*
20 *lowest priced United States growth, as quoted for*
21 *Middling (M) 1³/₃₂-inch cotton, delivered C.I.F.*
22 *Northern Europe, adjusted for the value of any*
23 *certificate issued under this paragraph, exceeds*
24 *the Northern Europe price by more than 1.25*
25 *cents per pound.*

1 (E) *LIMITATION ON EXPENDITURES.*—*Total*
2 *expenditures under this paragraph shall not ex-*
3 *ceed \$701,000,000 during fiscal years 1996*
4 *through 2002.*

5 (2) *SPECIAL IMPORT QUOTA.*—

6 (A) *ESTABLISHMENT.*—*The President shall*
7 *carry out an import quota program that pro-*
8 *vides that, during the period ending July 31,*
9 *2003, whenever the Secretary determines and an-*
10 *nounces that for any consecutive 10-week period,*
11 *the Friday through Thursday average price*
12 *quotation for the lowest-priced United States*
13 *growth, as quoted for Middling (M) 1³/₃₂-inch*
14 *cotton, delivered C.I.F. Northern Europe, ad-*
15 *justed for the value of any certificates issued*
16 *under paragraph (1), exceeds the Northern Eu-*
17 *rope price by more than 1.25 cents per pound,*
18 *there shall immediately be in effect a special im-*
19 *port quota.*

20 (B) *QUANTITY.*—*The quota shall be equal to*
21 *1 week's consumption of upland cotton by domes-*
22 *tic mills at the seasonally adjusted average rate*
23 *of the most recent 3 months for which data are*
24 *available.*

1 (C) *APPLICATION.*—*The quota shall apply*
 2 *to upland cotton purchased not later than 90*
 3 *days after the date of the Secretary’s announce-*
 4 *ment under subparagraph (A) and entered into*
 5 *the United States not later than 180 days after*
 6 *the date.*

7 (D) *OVERLAP.*—*A special quota period may*
 8 *be established that overlaps any existing quota*
 9 *period if required by subparagraph (A), except*
 10 *that a special quota period may not be estab-*
 11 *lished under this paragraph if a quota period*
 12 *has been established under subsection (g).*

13 (E) *PREFERENTIAL TARIFF TREATMENT.*—
 14 *The quantity under a special import quota shall*
 15 *be considered to be an in-quota quantity for pur-*
 16 *poses of—*

17 (i) *section 213(d) of the Caribbean*
 18 *Basin Economic Recovery Act (19 U.S.C.*
 19 *2703(d));*

20 (ii) *section 204 of the Andean Trade*
 21 *Preference Act (19 U.S.C. 3203);*

22 (iii) *section 503(d) of the Trade Act of*
 23 *1974 (19 U.S.C. 2463(d)); and*

24 (iv) *General Note 3(a)(iv) to the Har-*
 25 *monized Tariff Schedule.*

1 (F) *DEFINITION.*—*In this paragraph, the*
 2 *term “special import quota” means a quantity of*
 3 *imports that is not subject to the over-quota tar-*
 4 *iff rate of a tariff-rate quota.*

5 (g) *LIMITED GLOBAL IMPORT QUOTA FOR UPLAND*
 6 *COTTON.*—

7 (1) *IN GENERAL.*—*The President shall carry out*
 8 *an import quota program that provides that whenever*
 9 *the Secretary determines and announces that the av-*
 10 *erage price of the base quality of upland cotton, as de-*
 11 *termined by the Secretary, in the designated spot*
 12 *markets for a month exceeded 130 percent of the aver-*
 13 *age price of such quality of cotton in the markets for*
 14 *the preceding 36 months, notwithstanding any other*
 15 *provision of law, there shall immediately be in effect*
 16 *a limited global import quota subject to the following*
 17 *conditions:*

18 (A) *QUANTITY.*—*The quantity of the quota*
 19 *shall be equal to 21 days of domestic mill con-*
 20 *sumption of upland cotton at the seasonally ad-*
 21 *justed average rate of the most recent 3 months*
 22 *for which data are available.*

23 (B) *QUANTITY IF PRIOR QUOTA.*—*If a quota*
 24 *has been established under this subsection during*
 25 *the preceding 12 months, the quantity of the*

1 *quota next established under this subsection shall*
 2 *be the smaller of 21 days of domestic mill con-*
 3 *sumption calculated under subparagraph (A) or*
 4 *the quantity required to increase the supply to*
 5 *130 percent of the demand.*

6 (C) *PREFERENTIAL TARIFF TREATMENT.—*
 7 *The quantity under a limited global import*
 8 *quota shall be considered to be an in-quota quan-*
 9 *tity for purposes of—*

10 (i) *section 213(d) of the Caribbean*
 11 *Basin Economic Recovery Act (19 U.S.C.*
 12 *2703(d));*

13 (ii) *section 204 of the Andean Trade*
 14 *Preference Act (19 U.S.C. 3203);*

15 (iii) *section 503(d) of the Trade Act of*
 16 *1974 (19 U.S.C. 2463(d)); and*

17 (iv) *General Note 3(a)(iv) to the Har-*
 18 *monized Tariff Schedule.*

19 (D) *DEFINITIONS.—In this subsection:*

20 (i) *SUPPLY.—The term “supply”*
 21 *means, using the latest official data of the*
 22 *Bureau of the Census, the Department of*
 23 *Agriculture, and the Department of the*
 24 *Treasury—*

1 (I) *the carry-over of upland cotton*
 2 *at the beginning of the marketing year*
 3 *(adjusted to 480-pound bales) in which*
 4 *the quota is established;*

5 (II) *production of the current*
 6 *crop; and*

7 (III) *imports to the latest date*
 8 *available during the marketing year.*

9 (ii) *DEMAND.—The term “demand”*
 10 *means—*

11 (I) *the average seasonally adjusted*
 12 *annual rate of domestic mill consump-*
 13 *tion in the most recent 3 months for*
 14 *which data are available; and*

15 (II) *the larger of—*

16 (aa) *average exports of up-*
 17 *land cotton during the preceding*
 18 *6 marketing years; or*

19 (bb) *cumulative exports of*
 20 *upland cotton plus outstanding*
 21 *export sales for the marketing*
 22 *year in which the quota is estab-*
 23 *lished.*

24 (iii) *LIMITED GLOBAL IMPORT*
 25 *QUOTA.—The term “limited global import*

1 *quota” means a quantity of imports that is*
 2 *not subject to the over-quota tariff rate of a*
 3 *tariff-rate quota.*

4 *(E) QUOTA ENTRY PERIOD.—When a quota*
 5 *is established under this subsection, cotton may*
 6 *be entered under the quota during the 90-day pe-*
 7 *riod beginning on the date the quota is estab-*
 8 *lished by the Secretary.*

9 *(2) NO OVERLAP.—Notwithstanding paragraph*
 10 *(1), a quota period may not be established that over-*
 11 *laps an existing quota period or a special quota pe-*
 12 *riod established under subsection (f)(2).*

13 *(h) SOURCE OF LOANS.—*

14 *(1) IN GENERAL.—The Secretary shall provide*
 15 *the loans authorized by this section and the Agricul-*
 16 *tural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.)*
 17 *through the Commodity Credit Corporation and other*
 18 *means available to the Secretary.*

19 *(2) PROCESSORS.—Whenever any loan or sur-*
 20 *plus removal operation for any agricultural commod-*
 21 *ity is carried out through purchases from or loans or*
 22 *payments to processors, the Secretary shall, to the ex-*
 23 *tent practicable, obtain from the processors such as-*
 24 *surances as the Secretary considers adequate that the*
 25 *producers of the commodity have received or will re-*

1 *ceive maximum benefits from the loan or surplus re-*
 2 *moval operation.*

3 *(i) ADJUSTMENTS OF LOANS.—*

4 *(1) IN GENERAL.—The Secretary may make ap-*
 5 *propriate adjustments in the loan levels for any com-*
 6 *modity for differences in grade, type, quality, loca-*
 7 *tion, and other factors.*

8 *(2) LOAN LEVEL.—The adjustments shall, to the*
 9 *maximum extent practicable, be made in such man-*
 10 *ner that the average loan level for the commodity will,*
 11 *on the basis of the anticipated incidence of the factors,*
 12 *be equal to the level of support determined as pro-*
 13 *vided in this section or the Agricultural Adjustment*
 14 *Act of 1938 (7 U.S.C. 1281 et seq.).*

15 *(j) PERSONAL LIABILITY OF PRODUCERS FOR DEFICI-*
 16 *ENCIES.—*

17 *(1) IN GENERAL.—Except as provided in para-*
 18 *graph (2), no producer shall be personally liable for*
 19 *any deficiency arising from the sale of the collateral*
 20 *securing any nonrecourse loan made under this sec-*
 21 *tion or the Agricultural Adjustment Act of 1938 (7*
 22 *U.S.C. 1281 et seq.) unless the loan was obtained*
 23 *through a fraudulent representation by the producer.*

24 *(2) LIMITATIONS.—Paragraph (1) shall not pre-*
 25 *vent the Commodity Credit Corporation or the Sec-*

1 *retary from requiring a producer to assume liability*
2 *for—*

3 *(A) a deficiency in the grade, quality, or*
4 *quantity of a commodity stored on a farm or de-*
5 *livered by the producer;*

6 *(B) a failure to properly care for and pre-*
7 *serve a commodity; or*

8 *(C) a failure or refusal to deliver a com-*
9 *modity in accordance with a program estab-*
10 *lished under this section or the Agricultural Ad-*
11 *justment Act of 1938.*

12 *(3) ACQUISITION OF COLLATERAL.—The Sec-*
13 *retary may include in a contract for a nonrecourse*
14 *loan made under this section or the Agricultural Ad-*
15 *justment Act of 1938 a provision that permits the*
16 *Commodity Credit Corporation, on and after the ma-*
17 *turity of the loan, to acquire title to the unredeemed*
18 *collateral without obligation to pay for any market*
19 *value that the collateral may have in excess of the*
20 *loan indebtedness.*

21 *(4) SUGARCANE AND SUGAR BEETS.—A security*
22 *interest obtained by the Commodity Credit Corpora-*
23 *tion as a result of the execution of a security agree-*
24 *ment by the processor of sugarcane or sugar beets*
25 *shall be superior to all statutory and common law*

1 *liens on raw cane sugar and refined beet sugar in*
 2 *favor of the producers of sugarcane and sugar beets*
 3 *and all prior recorded and unrecorded liens on the*
 4 *crops of sugarcane and sugar beets from which the*
 5 *sugar was derived.*

6 *(k) COMMODITY CREDIT CORPORATION SALES PRICE*
 7 *RESTRICTIONS.—*

8 *(1) IN GENERAL.—The Commodity Credit Cor-*
 9 *poration may sell any commodity owned or controlled*
 10 *by the Corporation at any price that the Secretary*
 11 *determines will maximize returns to the Corporation.*

12 *(2) NONAPPLICATION OF SALES PRICE RESTRIC-*
 13 *TIONS.—Paragraph (1) shall not apply to—*

14 *(A) a sale for a new or byproduct use;*

15 *(B) a sale of peanuts or oilseeds for the ex-*
 16 *traction of oil;*

17 *(C) a sale for seed or feed if the sale will*
 18 *not substantially impair any loan program;*

19 *(D) a sale of a commodity that has substan-*
 20 *tially deteriorated in quality or as to which*
 21 *there is a danger of loss or waste through deterio-*
 22 *ration or spoilage;*

23 *(E) a sale for the purpose of establishing a*
 24 *claim arising out of a contract or against a per-*
 25 *son who has committed fraud, misrepresentation,*

1 *or other wrongful act with respect to the com-*
2 *modity;*

3 *(F) a sale for export, as determined by the*
4 *Corporation; and*

5 *(G) a sale for other than a primary use.*

6 *(3) PRESIDENTIAL DISASTER AREAS.—*

7 *(A) IN GENERAL.—Notwithstanding para-*
8 *graph (1), on such terms and conditions as the*
9 *Secretary may consider in the public interest,*
10 *the Corporation may make available any com-*
11 *modity or product owned or controlled by the*
12 *Corporation for use in relieving distress—*

13 *(i) in any area in the United States*
14 *(including the Virgin Islands) declared by*
15 *the President to be an acute distress area*
16 *because of unemployment or other economic*
17 *cause, if the President finds that the use*
18 *will not displace or interfere with normal*
19 *marketing of agricultural commodities; and*

20 *(ii) in connection with any major dis-*
21 *aster determined by the President to war-*
22 *rant assistance by the Federal Government*
23 *under the Robert T. Stafford Disaster Relief*
24 *and Emergency Assistance Act (42 U.S.C.*
25 *5121 et seq.).*

(B) *COSTS.—Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making a commodity available under subparagraph (A) beyond the cost of the commodity to the Corporation incurred in—*

(i) the storage of the commodity; and

(ii) the handling and transportation costs in making delivery of the commodity to designated agencies at 1 or more central locations in each State or other area.

(4) *EFFICIENT OPERATIONS.—Paragraph (1) shall not apply to the sale of a commodity the disposition of which is desirable in the interest of the effective and efficient conduct of the operations of the Corporation because of the small quantity of the commodity involved, or because of the age, location, or questionable continued storability of the commodity.*

SEC. 105. PAYMENT LIMITATIONS.

(a) *IN GENERAL.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking paragraphs (1) through (4) and inserting the following:*

“(1) LIMITATION ON PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS.—The total amount of contract payments made under section 103 of the Agricultural Market Transition Act to a person under 1

1 *or more production flexibility contracts entered into*
 2 *under the section during any fiscal year may not ex-*
 3 *ceed \$40,000.*

4 “(2) *LIMITATION ON MARKETING LOAN GAINS*
 5 *AND LOAN DEFICIENCY PAYMENTS.—For each of the*
 6 *1996 through 2002 crops of loan commodities, the*
 7 *total amount of payments specified in paragraph (3)*
 8 *that a person shall be entitled to receive under section*
 9 *104 of the Agricultural Market Transition Act for one*
 10 *or more loan commodities may not exceed \$75,000.*

11 “(3) *DESCRIPTION OF PAYMENTS SUBJECT TO*
 12 *LIMITATION.—The payments referred to in paragraph*
 13 *(2) are the following:*

14 “(A) *Any gain realized by a producer from*
 15 *repaying a marketing assistance loan for a crop*
 16 *of any loan commodity at a lower level than the*
 17 *original loan rate established for the loan com-*
 18 *modity under section 104(b) of the Agricultural*
 19 *Market Transition Act.*

20 “(B) *Any loan deficiency payment received*
 21 *for a loan commodity under section 104(e) of the*
 22 *Act.*

23 “(4) *DEFINITIONS.—In this title, the terms ‘con-*
 24 *tract payment’ and ‘loan commodity’ have the mean-*

1 *ing given those terms in section 102 of the Agricul-*
 2 *tural Market Transition Act.”.*

3 (b) *CONFORMING AMENDMENTS.—*

4 (1) *Section 1001A of the Food Security Act of*
 5 *1985 (7 U.S.C. 1308–1) is amended—*

6 (A) *in subsection (a)(1), by striking “under*
 7 *the Agricultural Act of 1949 (7 U.S.C. 1421 et*
 8 *seq.)”;* and

9 (B) *in subsection (b)(1), by striking “under*
 10 *the Agricultural Act of 1949”.*

11 (2) *Section 1001C(a) of the Act (7 U.S.C. 1308–*
 12 *3(a)) is amended—*

13 (A) *by striking “For each of the 1991*
 14 *through 1997 crops, any” and inserting “Any”;*

15 (B) *by striking “production adjustment*
 16 *payments, price support program loans, pay-*
 17 *ments, or benefits made available under the Ag-*
 18 *ricultural Act of 1949 (7 U.S.C. 1421 et seq.),”*
 19 *and inserting “loans or payments made avail-*
 20 *able under title I of the Agricultural Market*
 21 *Transition Act,”;* and

22 (C) *by striking “during the 1989 through*
 23 *1997 crop years”.*

24 **SEC. 106. PEANUT PROGRAM.**

25 (a) *QUOTA PEANUTS.—*

1 (1) *AVAILABILITY OF LOANS.*—*The Secretary*
 2 *shall make nonrecourse loans available to producers of*
 3 *quota peanuts.*

4 (2) *LOAN RATE.*—*The national average quota*
 5 *loan rate for quota peanuts shall be \$610 per ton.*

6 (3) *INSPECTION, HANDLING, OR STORAGE.*—*The*
 7 *loan amount may not be reduced by the Secretary by*
 8 *any deductions for inspection, handling, or storage.*

9 (4) *LOCATION AND OTHER FACTORS.*—*The Sec-*
 10 *retary may make adjustments in the loan rate for*
 11 *quota peanuts for location of peanuts and such other*
 12 *factors as are authorized by section 411 of the Agri-*
 13 *cultural Adjustment Act of 1938.*

14 (5) *OFFERS FROM HANDLERS.*—*In the case of*
 15 *any producer who had an offer available from a han-*
 16 *dler to purchase quota peanuts, for delivery within*
 17 *the same county or a contiguous county, at a price*
 18 *equal to or greater than the applicable quota support*
 19 *rate, the Secretary shall reduce the support rate by 5*
 20 *percent for the peanuts that were subject to the offer.*

21 (b) *ADDITIONAL PEANUTS.*—

22 (1) *IN GENERAL.*—*The Secretary shall make*
 23 *nonrecourse loans available to producers of additional*
 24 *peanuts at such rates as the Secretary finds appro-*
 25 *priate, taking into consideration the demand for pea-*

1 *nut oil and peanut meal, expected prices of other veg-*
 2 *etable oils and protein meals, and the demand for*
 3 *peanuts in foreign markets.*

4 (2) *ANNOUNCEMENT.—The Secretary shall an-*
 5 *nounce the loan rate for additional peanuts of each*
 6 *crop not later than February 15 preceding the mar-*
 7 *keting year for the crop for which the loan rate is*
 8 *being determined.*

9 (c) *AREA MARKETING ASSOCIATIONS.—*

10 (1) *WAREHOUSE STORAGE LOANS.—*

11 (A) *IN GENERAL.—In carrying out sub-*
 12 *sections (a) and (b), the Secretary shall make*
 13 *warehouse storage loans available in each of the*
 14 *producing areas (described in section 1446.95 of*
 15 *title 7 of the Code of Federal Regulations (Janu-*
 16 *ary 1, 1989)) to a designated area marketing as-*
 17 *sociation of peanut producers that is selected and*
 18 *approved by the Secretary and that is operated*
 19 *primarily for the purpose of conducting the loan*
 20 *activities. The Secretary may not make ware-*
 21 *house storage loans available to any cooperative*
 22 *that is engaged in operations or activities con-*
 23 *cerning peanuts other than those operations and*
 24 *activities specified in this section and section*

1 *358e of the Agricultural Adjustment Act of 1938*
 2 *(7 U.S.C. 1359a).*

3 *(B) ADMINISTRATIVE AND SUPERVISORY AC-*
 4 *TIVITIES.—An area marketing association shall*
 5 *be used in administrative and supervisory ac-*
 6 *tivities relating to loans and marketing activities*
 7 *under this section and section 358e of the Agri-*
 8 *cultural Adjustment Act of 1938 (7 U.S.C.*
 9 *1359a).*

10 *(C) ASSOCIATION COSTS.—Loans made to*
 11 *the association under this paragraph shall in-*
 12 *clude such costs as the area marketing associa-*
 13 *tion reasonably may incur in carrying out the*
 14 *responsibilities, operations, and activities of the*
 15 *association under this section and section 358e of*
 16 *the Agricultural Adjustment Act of 1938 (7*
 17 *U.S.C. 1359a).*

18 *(2) POOLS FOR QUOTA AND ADDITIONAL PEA-*
 19 *NUTS.—*

20 *(A) IN GENERAL.—The Secretary shall re-*
 21 *quire that each area marketing association estab-*
 22 *lish pools and maintain complete and accurate*
 23 *records by area and segregation for quota pea-*
 24 *nuts handled under loan and for additional pea-*
 25 *nuts placed under loan, except that separate*

1 *pools shall be established for Valencia peanuts*
 2 *produced in New Mexico. Bright hull and dark*
 3 *hull Valencia peanuts shall be considered as sep-*
 4 *arate types for the purpose of establishing the*
 5 *pools.*

6 *(B) NET GAINS.—Net gains on peanuts in*
 7 *each pool, unless otherwise approved by the Sec-*
 8 *retary, shall be distributed only to producers who*
 9 *placed peanuts in the pool and shall be distrib-*
 10 *uted in proportion to the value of the peanuts*
 11 *placed in the pool by each producer. Net gains*
 12 *for peanuts in each pool shall consist of the fol-*
 13 *lowing:*

14 *(i) QUOTA PEANUTS.—For quota pea-*
 15 *nuts, the net gains over and above the loan*
 16 *indebtedness and other costs or losses in-*
 17 *curring on peanuts placed in the pool.*

18 *(ii) ADDITIONAL PEANUTS.—For addi-*
 19 *tional peanuts, the net gains over and above*
 20 *the loan indebtedness and other costs or*
 21 *losses incurred on peanuts placed in the*
 22 *pool for additional peanuts.*

23 *(d) LOSSES.—Losses in quota area pools shall be cov-*
 24 *ered using the following sources in the following order of*
 25 *priority:*

1 (1) *TRANSFERS FROM ADDITIONAL LOAN*
 2 *POOLS.—The proceeds due any producer from any*
 3 *pool shall be reduced by the amount of any loss that*
 4 *is incurred with respect to peanuts transferred from*
 5 *an additional loan pool to a quota loan pool by the*
 6 *producer under section 358–1(b)(8) of the Agricul-*
 7 *tural Adjustment Act of 1938 (7 U.S.C. 1358–*
 8 *1(b)(8)).*

9 (2) *OTHER PRODUCERS IN SAME POOL.—Further*
 10 *losses in an area quota pool shall be offset by reduc-*
 11 *ing the gain of any producer in the pool by the*
 12 *amount of pool gains attributed to the same producer*
 13 *from the sale of additional peanuts for domestic and*
 14 *export edible use.*

15 (3) *BUY-BACK GAINS WITHIN AREA.—Further*
 16 *losses in an area quota pool shall be offset by gains*
 17 *or profits attributable to sales of additional peanuts*
 18 *in that area pursuant to the provisions of section*
 19 *358e(g)(1)(A) of the Agricultural Adjustment Act of*
 20 *1938 (7 U.S.C. 1359a(g)(1)(A)).*

21 (4) *USE OF MARKETING ASSESSMENTS.—The*
 22 *Secretary shall use funds collected under subsection*
 23 *(g) (except funds attributable to handlers) to offset*
 24 *further losses in area quota pools. The Secretary shall*
 25 *transfer to the Treasury those funds collected under*

1 subsection (g) and available for use under this sub-
2 section that the Secretary determines are not required
3 to cover losses in area quota pools.

4 (5) *CROSS COMPLIANCE.*—Further losses in area
5 quota pools, other than losses incurred as a result of
6 transfers from additional loan pools to quota loan
7 pools under section 358–1(b)(8) of the Agricultural
8 Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)), shall
9 be offset by any gains or profits from quota pools in
10 other production areas (other than separate type pools
11 established under subsection (c)(2)(A) for Valencia
12 peanuts produced in New Mexico) in such manner as
13 the Secretary shall by regulation prescribe. If losses in
14 area quota pools have not been entirely offset through
15 use of the preceding sentence, then further losses shall
16 be offset by gains or profits attributable to sales of ad-
17 ditional peanuts in other areas pursuant to section
18 358e(g)(1)(A) of such Act (7 U.S.C. 1359a(g)(1)(A)).

19 (6) *INCREASED ASSESSMENTS.*—If use of the au-
20 thorities provided in the preceding paragraphs is not
21 sufficient to cover losses in an area quota pool, the
22 Secretary shall increase the marketing assessment es-
23 tablished under subsection (g) by such an amount as
24 the Secretary considers necessary to cover the losses.
25 The increased assessment shall apply only to quota

1 *peanuts covered by that pool. Amounts collected under*
 2 *subsection (g) as a result of the increased assessment*
 3 *shall be retained by the Secretary to cover losses in*
 4 *that pool.*

5 *(e) DISAPPROVAL OF QUOTAS.—Notwithstanding any*
 6 *other provision of law, no loan for quota peanuts may be*
 7 *made available by the Secretary for any crop of peanuts*
 8 *with respect to which poundage quotas have been dis-*
 9 *approved by producers, as provided for in section 358–1(d)*
 10 *of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–*
 11 *1(d)).*

12 *(f) QUALITY IMPROVEMENT.—*

13 *(1) IN GENERAL.—With respect to peanuts under*
 14 *loan, the Secretary shall—*

15 *(A) promote the crushing of peanuts at a*
 16 *greater risk of deterioration before peanuts of a*
 17 *lesser risk of deterioration;*

18 *(B) ensure that all Commodity Credit Cor-*
 19 *poration inventories of peanuts sold for domestic*
 20 *edible use must be shown to have been officially*
 21 *inspected by licensed Department inspectors both*
 22 *as farmer stock and shelled or cleaned in-shell*
 23 *peanuts;*

24 *(C) continue to endeavor to operate the pea-*
 25 *nut program so as to improve the quality of do-*

1 *mestic peanuts and ensure the coordination of*
 2 *activities under the Peanut Administrative Com-*
 3 *mittee established under Marketing Agreement*
 4 *No. 146, regulating the quality of domestically*
 5 *produced peanuts (under the Agricultural Ad-*
 6 *justment Act (7 U.S.C. 601 et seq.), reenacted*
 7 *with amendments by the Agricultural Marketing*
 8 *Agreement Act of 1937); and*

9 *(D) ensure that any changes made in the*
 10 *peanut program as a result of this subsection re-*
 11 *quiring additional production or handling at the*
 12 *farm level shall be reflected as an upward adjust-*
 13 *ment in the Department loan schedule.*

14 *(2) EXPORTS AND OTHER PEANUTS.—The Sec-*
 15 *retary shall require that all peanuts in the domestic*
 16 *and export markets fully comply with all quality*
 17 *standards under Marketing Agreement No. 146.*

18 *(g) MARKETING ASSESSMENT.—*

19 *(1) IN GENERAL.—The Secretary shall provide*
 20 *for a nonrefundable marketing assessment. The assess-*
 21 *ment shall be made on a per pound basis in an*
 22 *amount equal to 1.1 percent for each of the 1994 and*
 23 *1995 crops, 1.15 percent for the 1996 crop, and 1.2*
 24 *percent for each of the 1997 through 2002 crops, of the*

1 *national average quota or additional peanut loan rate*
 2 *for the applicable crop.*

3 (2) *FIRST PURCHASERS.—*

4 (A) *IN GENERAL.—Except as provided*
 5 *under paragraphs (3) and (4), the first pur-*
 6 *chaser of peanuts shall—*

7 (i) *collect from the producer a market-*
 8 *ing assessment equal to the quantity of pea-*
 9 *nuts acquired multiplied by—*

10 (I) *in the case of each of the 1994*
 11 *and 1995 crops, .55 percent of the ap-*
 12 *plicable national average loan rate;*

13 (II) *in the case of the 1996 crop,*
 14 *.6 percent of the applicable national*
 15 *average loan rate; and*

16 (III) *in the case of each of the*
 17 *1997 through 2002 crops, .65 percent*
 18 *of the applicable national average loan*
 19 *rate;*

20 (ii) *pay, in addition to the amount*
 21 *collected under clause (i), a marketing as-*
 22 *essment in an amount equal to the quan-*
 23 *tity of peanuts acquired multiplied by .55*
 24 *percent of the applicable national average*
 25 *loan rate; and*

1 (iii) remit the amounts required under
2 clauses (i) and (ii) to the Commodity Credit
3 Corporation in a manner specified by the
4 Secretary.

5 (B) DEFINITION OF FIRST PURCHASER.—In
6 this subsection, the term “first purchaser” means
7 a person acquiring peanuts from a producer ex-
8 cept that in the case of peanuts forfeited by a
9 producer to the Commodity Credit Corporation,
10 the term means the person acquiring the peanuts
11 from the Commodity Credit Corporation.

12 (3) OTHER PRIVATE MARKETINGS.—In the case
13 of a private marketing by a producer directly to a
14 consumer through a retail or wholesale outlet or in
15 the case of a marketing by the producer outside of the
16 continental United States, the producer shall be re-
17 sponsible for the full amount of the assessment and
18 shall remit the assessment by such time as is specified
19 by the Secretary.

20 (4) LOAN PEANUTS.—In the case of peanuts that
21 are pledged as collateral for a loan made under this
22 section, $\frac{1}{2}$ of the assessment shall be deducted from
23 the proceeds of the loan. The remainder of the assess-
24 ment shall be paid by the first purchaser of the pea-
25 nuts. For purposes of computing net gains on peanuts

1 *under this section, the reduction in loan proceeds*
 2 *shall be treated as having been paid to the producer.*

3 (5) *PENALTIES.—If any person fails to collect or*
 4 *remit the reduction required by this subsection or*
 5 *fails to comply with the requirements for record-*
 6 *keeping or otherwise as are required by the Secretary*
 7 *to carry out this subsection, the person shall be liable*
 8 *to the Secretary for a civil penalty up to an amount*
 9 *determined by multiplying—*

10 (A) *the quantity of peanuts involved in the*
 11 *violation; by*

12 (B) *the national average quota peanut rate*
 13 *for the applicable crop year.*

14 (6) *ENFORCEMENT.—The Secretary may enforce*
 15 *this subsection in the courts of the United States.*

16 (h) *CROPS.—Subsections (a) through (f) shall be effec-*
 17 *tive only for the 1996 through 2002 crops of peanuts.*

18 (i) *MARKETING QUOTAS.—*

19 (1) *IN GENERAL.—Part VI of subtitle B of title*
 20 *III of the Agricultural Adjustment Act of 1938 is*
 21 *amended—*

22 (A) *in section 358–1 (7 U.S.C. 1358–1)—*

23 (i) *in the section heading, by striking*

24 **“1991 THROUGH 1997 CROPS OF”;**

(ii) in subsections (a)(1), (b)(1)(B), (b)(2)(A), (b)(2)(C), and (b)(3)(A), by striking “of the 1991 through 1997 marketing years” each place it appears and inserting “marketing year”;

(iii) in subsection (a)(3), by striking “1990” and inserting “1990, for the 1991 through 1995 marketing years, and 1995, for the 1996 through 2002 marketing years”;

(iv) in subsection (b)(1)(A)—

(I) by striking “each of the 1991 through 1997 marketing years” and inserting “each marketing year”; and

(II) in clause (i), by inserting before the semicolon the following: “, in the case of the 1991 through 1995 marketing years, and the 1995 marketing year, in the case of the 1996 through 2002 marketing years”; and

(v) in subsection (f), by striking “1997” and inserting “2002”;

(B) in section 358b (7 U.S.C. 1358b)—

(i) in the section heading, by striking “**1991 THROUGH 1995 CROPS OF**”; and

1 (ii) in subsection (c), by striking
2 “1995” and inserting “2002”;

3 (C) in section 358c(d) (7 U.S.C. 1358c(d)),
4 by striking “1995” and inserting “2002”; and

5 (D) in section 358e (7 U.S.C. 1359a)—

6 (i) in the section heading, by striking
7 **“FOR 1991 THROUGH 1997 CROPS OF**
8 **PEANUTS”**; and

9 (ii) in subsection (i), by striking
10 “1997” and inserting “2002”.

11 (2) *ELIGIBILITY FOR FARM POUNDAGE QUOTA.*—

12 (A) *CERTAIN FARMS INELIGIBLE.*—Section
13 358–1(b)(1) of the Act (7 U.S.C. 1358–1(b)(1)) is
14 amended by adding at the end the following:

15 “(D) *CERTAIN FARMS INELIGIBLE TO HOLD*
16 *QUOTA.*—Effective beginning with the 1997 mar-
17 keting year, the Secretary shall no longer estab-
18 lish farm poundage quotas under subparagraph
19 (A) for farms—

20 “(i) owned or controlled by munici-
21 palities, airport authorities, schools, col-
22 leges, refuges, and other public entities (not
23 including universities for research pur-
24 poses); or

1 “(ii) owned or controlled by a person
2 who is not a producer and resides in an-
3 other State.”.

4 (B) *ALLOCATION OF QUOTA TO OTHER*
5 *FARMS.*—Section 358–1(b)(2) of the Act (7
6 U.S.C. 1358–1(b)(2)) is amended by adding at
7 the end the following:

8 “(E) *TRANSFER OF QUOTA FROM INELI-*
9 *GIBLE FARMS.*—Any farm poundage quota held
10 at the end of the 1996 marketing year by a farm
11 described in paragraph (1)(D) shall be allocated
12 to other farms in the same State on such basis
13 as the Secretary may by regulation prescribe.”.

14 (3) *ELIMINATION OF QUOTA FLOOR.*—Section
15 358–1(a)(1) of the Act (7 U.S.C. 1358–1(a)(1)) is
16 amended by striking the second sentence.

17 (4) *TEMPORARY QUOTA ALLOCATION.*—Section
18 358–1 of the Act (7 U.S.C. 1358–1) is amended—

19 (A) in subsection (a)(1), by striking “do-
20 mestic edible, seed,” and inserting “domestic edi-
21 ble use”;

22 (B) in subsection (b)(2)—

23 (i) in subparagraph (A), by striking
24 “subparagraph (B) and subject to”; and

1 (ii) by striking subparagraph (B) and
2 inserting the following:

3 “(B) *TEMPORARY QUOTA ALLOCATION.*—

4 “(i) *ALLOCATION RELATED TO SEED*
5 *PEANUTS.*—*Temporary allocation of quota*
6 *pounds for the marketing year only in*
7 *which the crop is planted shall be made to*
8 *producers for each of the 1996 through 2002*
9 *marketing years as provided in this sub-*
10 *paragraph.*

11 “(ii) *QUANTITY.*—*The temporary quota*
12 *allocation shall be equal to the pounds of*
13 *seed peanuts planted on the farm, as may*
14 *be adjusted under regulations prescribed by*
15 *the Secretary.*

16 “(iii) *ADDITIONAL QUOTA.*—*The tem-*
17 *porary allocation of quota pounds under*
18 *this paragraph shall be in addition to the*
19 *farm poundage quota otherwise established*
20 *under this subsection and shall be credited,*
21 *for the applicable marketing year only, in*
22 *total to the producer of the peanuts on the*
23 *farm in a manner prescribed by the Sec-*
24 *retary.*

1 “(iv) *EFFECT OF OTHER REQUIRE-*
 2 *MENTS.—Nothing in this section alters or*
 3 *changes the requirements regarding the use*
 4 *of quota and additional peanuts established*
 5 *by section 358e(b).”; and*
 6 *(C) in subsection (e)(3), strike “and seed*
 7 *and use on a farm”.*

8 (5) *SPRING AND FALL TRANSFERS WITHIN A*
 9 *STATE.—Section 358b(a)(1) of the Act (7 U.S.C.*
 10 *1358b(a)(1)) is amended—*

11 *(A) by striking “, conditions, or limita-*
 12 *tions” in the matter preceding the subpara-*
 13 *graphs and inserting “and conditions”;*

14 *(B) by striking “any such lease” in the*
 15 *matter preceding the subparagraphs and insert-*
 16 *ing “any such sale or lease”; and*

17 *(C) by striking “in the fall or after the nor-*
 18 *mal planting season—” and subparagraphs (A)*
 19 *and (B) and inserting the following: “in the*
 20 *spring (or before the normal planting season) or*
 21 *in the fall (or after the normal planting season)*
 22 *with the owner or operator of a farm located*
 23 *within any county in the same State. In the case*
 24 *of a fall transfer or a transfer after the normal*
 25 *planting season, the transfer may be made only*

1 *if not less than 90 percent of the basic quota (the*
 2 *farm quota exclusive of temporary quota trans-*
 3 *fers), plus any poundage quota transferred to the*
 4 *farm under this subsection, has been planted or*
 5 *considered planted on the farm from which the*
 6 *quota is to be leased.”.*

7 (6) *UNDERMARKETINGS.—Part VI of subtitle B*
 8 *of title III of the Act is amended—*

9 (A) *in section 358–1(b) (7 U.S.C. 1358–*
 10 *1(b))—*

11 (i) *in paragraph (1)(B), by striking*
 12 *“including—” and clauses (i) and (ii) and*
 13 *inserting “including any increases resulting*
 14 *from the allocation of quotas voluntarily re-*
 15 *leased for 1 year under paragraph (7).”;*

16 (ii) *in paragraph (3)(B), by striking*
 17 *“include—” and clauses (i) and (ii) and*
 18 *inserting “include any increase resulting*
 19 *from the allocation of quotas voluntarily re-*
 20 *leased for 1 year under paragraph (7).”;*
 21 *and*

22 (iii) *by striking paragraphs (8) and*
 23 *(9); and*

24 (B) *in section 358b(a) (7 U.S.C.*
 25 *1358b(a))—*

1 (i) in paragraph (1), by striking “(in-
2 cluding any applicable under marketings)”
3 both places it appears;

4 (ii) in paragraph (2), by striking “(in-
5 cluding any applicable under marketings)”;
6 and

7 (iii) in paragraph (3), by striking
8 “(including any applicable
9 undermarketings)”.

10 (7) *DISASTER TRANSFERS*.—Section 358–1(b) of
11 the Act (7 U.S.C. 1358–1(b)), as amended by para-
12 graph (6)(A)(iii), is further amended by adding at
13 the end the following:

14 “(8) *DISASTER TRANSFERS*.—

15 “(A) *IN GENERAL*.—Except as provided in
16 subparagraph (B), additional peanuts produced
17 on a farm from which the quota poundage was
18 not harvested and marketed because of drought,
19 flood, or any other natural disaster, or any other
20 condition beyond the control of the producer,
21 may be transferred to the quota loan pool for
22 pricing purposes on such basis as the Secretary
23 shall by regulation provide.

1 “(B) *LIMITATION.*—*The poundage of pea-*
 2 *nuts transferred under subparagraph (A) shall*
 3 *not exceed the difference between—*

4 “(i) *the total quantity of peanuts meet-*
 5 *ing quality requirements for domestic edible*
 6 *use, as determined by the Secretary, mar-*
 7 *keted from the farm; and*

8 “(ii) *the total farm poundage quota,*
 9 *excluding quota pounds transferred to the*
 10 *farm in the fall.*

11 “(C) *SUPPORT RATE.*—*Peanuts transferred*
 12 *under this paragraph shall be supported at 70*
 13 *percent of the quota support rate for the market-*
 14 *ing years in which the transfers occur. The*
 15 *transfers for a farm shall not exceed 25 percent*
 16 *of the total farm quota pounds, excluding pounds*
 17 *transferred in the fall.”.*

18 **SEC. 107. SUGAR PROGRAM.**

19 (a) *SUGARCANE.*—*The Secretary shall make loans*
 20 *available to processors of domestically grown sugarcane at*
 21 *a rate equal to 18 cents per pound for raw cane sugar.*

22 (b) *SUGAR BEETS.*—*The Secretary shall make loans*
 23 *available to processors of domestically grown sugar beets at*
 24 *a rate equal to 22.9 cents per pound for refined beet sugar.*

25 (c) *REDUCTION IN LOAN RATES.*—

1 (1) *REDUCTION REQUIRED.*—*The Secretary shall*
2 *reduce the loan rate specified in subsection (a) for do-*
3 *mestically grown sugarcane and subsection (b) for do-*
4 *mestically grown sugar beets if the Secretary deter-*
5 *mines that negotiated reductions in export subsidies*
6 *and domestic subsidies provided for sugar of the Eu-*
7 *ropean Union and other major sugar growing, pro-*
8 *ducing, and exporting countries in the aggregate ex-*
9 *ceed the commitments made as part of the Agreement*
10 *on Agriculture.*

11 (2) *EXTENT OF REDUCTION.*—*The Secretary*
12 *shall not reduce the loan rate under subsection (a) or*
13 *(b) below a rate that provides an equal measure of*
14 *support to that provided by the European Union and*
15 *other major sugar growing, producing, and exporting*
16 *countries, based on an examination of both domestic*
17 *and export subsidies subject to reduction in the Agree-*
18 *ment on Agriculture.*

19 (3) *ANNOUNCEMENT OF REDUCTION.*—*The Sec-*
20 *retary shall announce any loan rate reduction to be*
21 *made under this subsection as far in advance as is*
22 *practicable.*

23 (4) *MAJOR SUGAR COUNTRIES DEFINED.*—*For*
24 *purposes of this subsection, the term “major sugar*

1 *growing, producing, and exporting countries”*
 2 *means—*

3 *(A) the countries of the European Union;*

4 *and*

5 *(B) the ten foreign countries not covered by*
 6 *subparagraph (A) that the Secretary determines*
 7 *produce the greatest amount of sugar.*

8 *(5) AGREEMENT ON AGRICULTURE DEFINED.—*

9 *For purposes of this subsection, the term “Agreement*
 10 *on Agriculture” means the Agreement on Agriculture*
 11 *referred to in section 101(d)(2) of the Uruguay Round*
 12 *Agreements Act (19 U.S.C. 3511(d)(2)).*

13 *(d) TERM OF LOANS.—*

14 *(1) IN GENERAL.—Loans under this section dur-*
 15 *ing any fiscal year shall be made available not earlier*
 16 *than the beginning of the fiscal year and shall mature*
 17 *at the earlier of—*

18 *(A) the end of 9 months; or*

19 *(B) the end of the fiscal year.*

20 *(2) SUPPLEMENTAL LOANS.—In the case of loans*
 21 *made under this section in the last 3 months of a fis-*
 22 *cal year, the processor may repledge the sugar as col-*
 23 *lateral for a second loan in the subsequent fiscal year,*
 24 *except that the second loan shall—*

1 (A) be made at the loan rate in effect at the
2 time the second loan is made; and

3 (B) mature in 9 months less the quantity of
4 time that the first loan was in effect.

5 (e) *LOAN TYPE; PROCESSOR ASSURANCES.*—

6 (1) *RECOURSE LOANS.*—Subject to paragraph
7 (2), the Secretary shall carry out this section through
8 the use of recourse loans.

9 (2) *NONRECOURSE LOANS.*—During any fiscal
10 year in which the tariff rate quota for imports of
11 sugar into the United States is established at, or is
12 increased to, a level in excess of 1,500,000 short tons
13 raw value, the Secretary shall carry out this section
14 by making available nonrecourse loans. Any recourse
15 loan previously made available by the Secretary
16 under this section during the fiscal year shall be
17 changed by the Secretary into a nonrecourse loan.

18 (3) *PROCESSOR ASSURANCES.*—If the Secretary
19 is required under paragraph (2) to make nonrecourse
20 loans available during a fiscal year or to change re-
21 course loans into nonrecourse loans, the Secretary
22 shall obtain from each processor that receives a loan
23 under this section such assurances as the Secretary
24 considers adequate to ensure that the processor will
25 provide payments to producers that are proportional

1 to the value of the loan received by the processor for
 2 sugar beets and sugarcane delivered by producers
 3 served by the processor. The Secretary may establish
 4 appropriate minimum payments for purposes of this
 5 paragraph.

6 (f) *MARKETING ASSESSMENT.*—

7 (1) *SUGARCANE.*—Effective for marketings of
 8 raw cane sugar during the 1996 through 2003 fiscal
 9 years, the first processor of sugarcane shall remit to
 10 the Commodity Credit Corporation a nonrefundable
 11 marketing assessment in an amount equal to—

12 (A) in the case of marketings during fiscal
 13 year 1996, 1.1 percent of the loan rate estab-
 14 lished under subsection (a) per pound of raw
 15 cane sugar, processed by the processor from do-
 16 mestically produced sugarcane or sugarcane mo-
 17 lasses, that has been marketed (including the
 18 transfer or delivery of the sugar to a refinery for
 19 further processing or marketing); and

20 (B) in the case of marketings during each
 21 of fiscal years 1997 through 2003, 1.375 percent
 22 of the loan rate established under subsection (a)
 23 per pound of raw cane sugar, processed by the
 24 processor from domestically produced sugarcane
 25 or sugarcane molasses, that has been marketed

1 *(including the transfer or delivery of the sugar*
 2 *to a refinery for further processing or market-*
 3 *ing).*

4 (2) *SUGAR BEETS.*—*Effective for marketings of*
 5 *beet sugar during the 1996 through 2003 fiscal years,*
 6 *the first processor of sugar beets shall remit to the*
 7 *Commodity Credit Corporation a nonrefundable mar-*
 8 *keting assessment in an amount equal to—*

9 (A) *in the case of marketings during fiscal*
 10 *year 1996, 1.1794 percent of the loan rate estab-*
 11 *lished under subsection (a) per pound of beet*
 12 *sugar, processed by the processor from domesti-*
 13 *cally produced sugar beets or sugar beet molas-*
 14 *ses, that has been marketed; and*

15 (B) *in the case of marketings during each*
 16 *of fiscal years 1997 through 2003, 1.47425 per-*
 17 *cent of the loan rate established under subsection*
 18 *(a) per pound of beet sugar, processed by the*
 19 *processor from domestically produced sugar beets*
 20 *or sugar beet molasses, that has been marketed.*

21 (3) *COLLECTION.*—

22 (A) *TIMING.*—*A marketing assessment re-*
 23 *quired under this subsection shall be collected on*
 24 *a monthly basis and shall be remitted to the*
 25 *Commodity Credit Corporation not later than 30*

1 *days after the end of each month. Any cane*
 2 *sugar or beet sugar processed during a fiscal*
 3 *year that has not been marketed by September*
 4 *30 of the year shall be subject to assessment on*
 5 *that date. The sugar shall not be subject to a sec-*
 6 *ond assessment at the time that it is marketed.*

7 (B) *MANNER.*—*Subject to subparagraph*
 8 *(A), marketing assessments shall be collected*
 9 *under this subsection in the manner prescribed*
 10 *by the Secretary and shall be nonrefundable.*

11 (4) *PENALTIES.*—*If any person fails to remit the*
 12 *assessment required by this subsection or fails to com-*
 13 *ply with such requirements for recordkeeping or other-*
 14 *wise as are required by the Secretary to carry out*
 15 *this subsection, the person shall be liable to the Sec-*
 16 *retary for a civil penalty up to an amount deter-*
 17 *mined by multiplying—*

18 (A) *the quantity of cane sugar or beet sugar*
 19 *involved in the violation; by*

20 (B) *the loan rate for the applicable crop of*
 21 *sugarcane or sugar beets.*

22 (5) *ENFORCEMENT.*—*The Secretary may enforce*
 23 *this subsection in a court of the United States.*

24 (g) *FORFEITURE PENALTY.*—

1 (1) *IN GENERAL.*—A penalty shall be assessed on
2 the forfeiture of any sugar pledged as collateral for a
3 nonrecourse loan under this section.

4 (2) *CANE SUGAR.*—The penalty for cane sugar
5 shall be 1 cent per pound.

6 (3) *BEET SUGAR.*—The penalty for beet sugar
7 shall bear the same relation to the penalty for cane
8 sugar as the marketing assessment for sugar beets
9 bears to the marketing assessment for sugarcane.

10 (4) *EFFECT OF FORFEITURE.*—Any payments
11 owed producers by a processor that forfeits of any
12 sugar pledged as collateral for a nonrecourse loan
13 shall be reduced in proportion to the loan forfeiture
14 penalty incurred by the processor.

15 (h) *INFORMATION REPORTING.*—

16 (1) *DUTY OF PROCESSORS AND REFINERS TO RE-*
17 *PORT.*—A sugarcane processor, cane sugar refiner,
18 and sugar beet processor shall furnish the Secretary,
19 on a monthly basis, such information as the Secretary
20 may require to administer sugar programs, including
21 the quantity of purchases of sugarcane, sugar beets,
22 and sugar, and production, importation, distribution,
23 and stock levels of sugar.

24 (2) *PENALTY.*—Any person willfully failing or
25 refusing to furnish the information, or furnishing

1 *willfully any false information, shall be subject to a*
 2 *civil penalty of not more than \$10,000 for each such*
 3 *violation.*

4 (3) *MONTHLY REPORTS.*—*Taking into consider-*
 5 *ation the information received under paragraph (1),*
 6 *the Secretary shall publish on a monthly basis com-*
 7 *posite data on production, imports, distribution, and*
 8 *stock levels of sugar.*

9 (i) *MARKETING ALLOTMENTS.*—*Part VII of subtitle B*
 10 *of title III of the Agricultural Adjustment Act of 1938 (7*
 11 *U.S.C. 1359aa et seq.) is repealed.*

12 (j) *CROPS.*—*This section (other than subsection (i))*
 13 *shall be effective only for the 1996 through 2002 crops of*
 14 *sugar beets and sugarcane.*

15 **SEC. 108. ADMINISTRATION.**

16 (a) *COMMODITY CREDIT CORPORATION.*—

17 (1) *USE OF CORPORATION.*—*The Secretary shall*
 18 *carry out this title through the Commodity Credit*
 19 *Corporation.*

20 (2) *PROHIBITION ON SALARIES AND EX-*
 21 *PENSES.*—*Notwithstanding any other provision of*
 22 *law, no funds of the Corporation shall be used for any*
 23 *salary or expense of any officer or employee of the De-*
 24 *partment of Agriculture.*

1 (b) *DETERMINATIONS BY SECRETARY.*—A determina-
 2 tion made by the Secretary under this title or the Agricul-
 3 tural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) shall
 4 be final and conclusive.

5 (c) *REGULATIONS.*—The Secretary may issue such reg-
 6 ulations as the Secretary determines necessary to carry out
 7 this title.

8 **SEC. 109. ELIMINATION OF PERMANENT PRICE SUPPORT**
 9 **AUTHORITY.**

10 (a) *AGRICULTURAL ADJUSTMENT ACT OF 1938.*—The
 11 Agricultural Adjustment Act of 1938 is amended—

12 (1) in title III—

13 (A) in subtitle B—

14 (i) by striking parts II through V (7
 15 U.S.C. 1326–1351); and

16 (ii) in part VI—

17 (I) by moving subsection (c) of
 18 section 358d (7 U.S.C. 1358d(c)) to
 19 appear after section 301(b)(17) (7
 20 U.S.C. 1301(b)(17)), redesignating the
 21 subsection as paragraph (18), and
 22 moving the margin of the paragraph 2
 23 ems to the right; and

1 (II) by striking sections 358,
2 358a, and 358d (7 U.S.C. 1358, 1358a,
3 and 1359); and

4 (B) by striking subtitle D (7 U.S.C. 1379a–
5 1379j); and

6 (2) by striking title IV (7 U.S.C. 1401–1407).

7 (b) *AGRICULTURAL ACT OF 1949.*—

8 (1) *TRANSFER OF CERTAIN SECTIONS.*—*The Ag-*
9 *ricultural Act of 1949 is amended—*

10 (A) by transferring sections 106, 106A, and
11 106B (7 U.S.C. 1445, 1445–1, 1445–2) to appear
12 after section 314A of the *Agricultural Adjust-*
13 *ment Act of 1938* (7 U.S.C. 1314–1) and redesign-
14 nating the transferred sections as sections 315,
15 315A, and 315B, respectively;

16 (B) by transferring section 111 (7 U.S.C.
17 1445f) to appear after section 304 of the *Agricul-*
18 *tural Adjustment Act of 1938* (7 U.S.C. 1304)
19 and redesignating the transferred section as sec-
20 tion 305; and

21 (C) by transferring sections 404 and 416 (7
22 U.S.C. 1424 and 1431) to appear after section
23 390 of the *Agricultural Adjustment Act of 1938*
24 (7 U.S.C. 1390) and redesignating the trans-

1 ferred sections as sections 390A and 390B, re-
2 spectively.

3 (2) *REPEAL.*—*The Agricultural Act of 1949 (7*
4 *U.S.C. 1421 et seq.) (as amended by paragraph (1))*
5 *is repealed.*

6 (c) *CONFORMING AMENDMENTS.*—

7 (1) *Section 361 of the Agricultural Adjustment*
8 *Act of 1938 (7 U.S.C. 1361) is amended by striking*
9 *“; corn, wheat, cotton, peanuts, and rice, established”.*

10 (2) *Section 371 of the Agricultural Adjustment*
11 *Act of 1938 (7 U.S.C. 1371) is amended—*

12 (A) *in the first sentence of subsection (a), by*
13 *striking “cotton, rice, peanuts, or”; and*

14 (B) *in the first sentence of subsection (b), by*
15 *striking “cotton, rice, peanuts or”.*

16 **SEC. 110. EFFECT OF AMENDMENTS.**

17 (a) *EFFECT ON PRIOR CROPS.*—*Except as otherwise*
18 *specifically provided and notwithstanding any other provi-*
19 *sion of law, this title and the amendments made by this*
20 *title shall not affect the authority of the Secretary to carry*
21 *out a price support or production adjustment program for*
22 *any of the 1991 through 1995 crops of an agricultural com-*
23 *modity established under a provision of law in effect imme-*
24 *diately before the date of the enactment of this Act.*

1 (b) *LIABILITY*.—A provision of this title or an amend-
 2 ment made by this title shall not affect the liability of any
 3 person under any provision of law as in effect before the
 4 date of the enactment of this Act.

5 ***TITLE II—DAIRY***
 6 ***Subtitle A—Milk Price Support and***
 7 ***Other Activities***

8 ***SEC. 201. MILK PRICE SUPPORT PROGRAM.***

9 (a) *SUPPORT ACTIVITIES*.—To replace the milk price
 10 support program established under section 204 of the Agri-
 11 cultural Act of 1949 (7 U.S.C. 1446e), which is repealed
 12 by section 109(b)(2)), the Secretary of Agriculture shall use
 13 the authority provided in this section to support the price
 14 of milk produced in the 48 contiguous States through the
 15 purchase of cheddar cheese produced from such milk. Until
 16 the first day of the first month beginning not less than 30
 17 days after the date of the enactment of this Act, the Sec-
 18 retary also may support the price of milk under this section
 19 through the purchase of butter and nonfat dry milk pro-
 20 duced from milk produced in the 48 contiguous States.

21 (b) *RATE*.—The price of milk shall be supported at the
 22 following rates per hundredweight for milk containing 3.67
 23 percent butterfat:

24 (1) During calendar year 1996, not less than
 25 \$10.35.

1 (2) *During calendar year 1997, not less than*
 2 \$10.25.

3 (3) *During calendar year 1998, not less than*
 4 \$10.15.

5 (4) *During calendar year 1999, not less than*
 6 \$10.05.

7 (5) *During calendar year 2000, not less than*
 8 \$9.95.

9 (6) *During calendar years 2001 and 2002, not*
 10 *less than \$9.85.*

11 (c) *BID PRICES.—The Commodity Credit Corporation*
 12 *support purchase prices under this section for cheddar*
 13 *cheese (and for butter and nonfat dry milk subject to sub-*
 14 *section (a)) announced by the Corporation shall be the same*
 15 *for all of that milk product sold by persons offering to sell*
 16 *the product to the Corporation. The purchase prices shall*
 17 *be sufficient to enable plants of average efficiency to pay*
 18 *producers, on average, a price not less than the rate of price*
 19 *support for milk in effect during a 12-month period under*
 20 *this section.*

21 (d) *USE OF COMMODITY CREDIT CORPORATION.—The*
 22 *Secretary shall use the funds, facilities, and authorities of*
 23 *the Commodity Credit Corporation to carry out this section.*

24 (e) *RESIDUAL AUTHORITY FOR REFUND OF BUDGET*
 25 *DEFICIT ASSESSMENTS.—*

1 (1) *APPLICATION OF SUBSECTION.*—*This sub-*
 2 *section shall apply with respect to the reductions*
 3 *made under subsection (h)(2) of section 204 of the Ag-*
 4 *ricultural Act of 1949, as in effect on the day before*
 5 *the date of the enactment of this Act, in the price of*
 6 *milk received by producers during calendar years*
 7 *1995 and 1996.*

8 (2) *REFUND REQUIRED.*—*The Secretary shall*
 9 *provide a refund of the entire reduction made under*
 10 *such subsection (h)(2) in the price of milk received by*
 11 *a producer during a calendar year referred to in*
 12 *paragraph (1) if the producer provides evidence that*
 13 *the producer did not increase marketings in that cal-*
 14 *endar year when compared to the preceding calendar*
 15 *year.*

16 (3) *TREATMENT OF REFUNDS.*—*A refund under*
 17 *this subsection shall not be considered as any type of*
 18 *price support or payment for purposes of sections*
 19 *1211 and 1221 of the Food Security Act of 1985 (16*
 20 *U.S.C. 3811, 3821).*

21 (g) *TRANSFER OF MILK PRODUCTS TO MILITARY AND*
 22 *VETERANS HOSPITALS.*—

23 (1) *TRANSFER AUTHORIZED.*—*As a means of in-*
 24 *creasing the utilization of milk and milk products,*
 25 *upon the certification by the Secretary of Veterans Af-*

1 *fairs or by the Secretary of the Army, acting for the*
2 *military departments under the Single Service Pur-*
3 *chase Assignment for Subsistence of the Department*
4 *of Defense, that the usual quantities of milk products*
5 *have been purchased in the normal channels of trade,*
6 *the Commodity Credit Corporation shall make avail-*
7 *able—*

8 *(A) to the Secretary of Veterans Affairs at*
9 *warehouses where milk products are stored, such*
10 *milk products acquired under this section as the*
11 *Secretary of Veterans Affairs certifies are re-*
12 *quired in order to provide milk products as a*
13 *part of the ration in hospitals under the jurisdic-*
14 *tion of the Secretary of Veterans Affairs; and*

15 *(B) to the Secretary of the Army, at ware-*
16 *houses where milk products are stored, such milk*
17 *products acquired under this section as the Sec-*
18 *retary of the Army certifies can be utilized in*
19 *order to provide additional milk products as a*
20 *part of the ration—*

21 *(i) of the Army, Navy, Air Force, or*
22 *Coast Guard;*

23 *(ii) in hospitals under the jurisdiction*
24 *of the Department of Defense; and*

1 (iii) of cadets and midshipmen at, and
 2 other personnel assigned to, the United
 3 States Merchant Marine Academy.

4 (2) *REPORTS.*—The Secretary of Veterans Affairs
 5 and the Secretary of the Army shall report every six
 6 months to the Committee on Agriculture, Nutrition,
 7 and Forestry of the Senate and the Committee on Ag-
 8 riculture of the House of Representatives and the Sec-
 9 retary of Agriculture the amount of milk products
 10 used under this subsection.

11 (3) *PROCESS.*—The Secretary of Veterans Affairs
 12 and the Secretary of the Army shall reimburse the
 13 Commodity Credit Corporation for all costs associated
 14 in making milk products available under this sub-
 15 section.

16 (4) *LIMITATION.*—The obligation of the Commod-
 17 ity Credit Corporation to make milk products avail-
 18 able pursuant to this subsection shall be limited to
 19 milk products acquired by the Corporation under this
 20 section and not disposed of under provisions (1) and
 21 (2) of section 390B(a) of the Agricultural Adjustment
 22 Act of 1938.

23 (h) *PERIOD OF EFFECTIVENESS.*—Notwithstanding
 24 any other provision of law, this section shall be effective
 25 only during the period—

1 (1) *beginning on the date of the enactment of*
 2 *this Act; and*

3 (2) *ending on December 31, 2002.*

4 **SEC. 202. RECOURSE LOANS FOR COMMERCIAL PROC-**
 5 **ESSORS OF DAIRY PRODUCTS.**

6 (a) *RECOURSE LOANS AVAILABLE.*—*The Secretary of*
 7 *Agriculture shall make recourse loans available to commer-*
 8 *cial processors of eligible dairy products to assist such proc-*
 9 *essors to manage inventories of eligible dairy products to*
 10 *assure a greater degree of price stability for the dairy indus-*
 11 *try during the year. Recourse loans may be made available*
 12 *under such reasonable terms and conditions as the Sec-*
 13 *retary may prescribe. The Secretary shall use the funds, fa-*
 14 *cilities, and authorities of the Commodity Credit Corpora-*
 15 *tion to carry out this section.*

16 (b) *AMOUNT OF LOAN.*—*The Secretary shall establish*
 17 *the amount of a loan for eligible dairy products, which shall*
 18 *reflect 90 percent of the reference price for that product.*
 19 *The rate of interest charged participants in this program*
 20 *shall not be less than the rate of interest charged the Com-*
 21 *modity Credit Corporation by the United States Treasury.*

22 (c) *PERIOD OF LOANS.*—*A recourse loan made under*
 23 *this section may not extend beyond the end of the fiscal year*
 24 *during which the loan is made, except that the Secretary*

1 *may extend the loan for an additional period not to exceed*
 2 *the end of the next fiscal year.*

3 *(d) DEFINITIONS.—In this section:*

4 *(1) The term “eligible dairy products” means*
 5 *cheddar cheese, butter, and nonfat dry milk.*

6 *(2) The term “reference price” means—*

7 *(A) for cheddar cheese, the average National*
 8 *(Green Bay) Cheese Exchange price for 40 pound*
 9 *blocks of cheddar cheese for the previous three*
 10 *months;*

11 *(B) for butter, the average Chicago Mer-*
 12 *cantile Exchange price for Grade AA butter for*
 13 *the previous three months; and*

14 *(C) for nonfat dry milk, the average West-*
 15 *ern States Extra Grade and Grade A price for*
 16 *nonfat dry milk for the previous three months.*

17 ***SEC. 203. DAIRY EXPORT INCENTIVE PROGRAM.***

18 *(a) DURATION.—Subsection (a) of section 153 of the*
 19 *Food Security Act of 1985 (15 U.S.C. 713a–14) is amended*
 20 *by striking “2001” and inserting “2002”.*

21 *(b) ELEMENTS OF PROGRAM.—Subsection (c) of such*
 22 *section is amended—*

23 *(1) by striking “and” at the end of paragraph*
 24 *(1);*

1 (2) *by striking the period at the end of para-*
 2 *graph (2) and inserting “; and”; and*

3 (3) *by adding at the end the following new para-*
 4 *graphs:*

5 “(3) *the maximum volume of dairy product ex-*
 6 *ports allowable consistent with the obligations of the*
 7 *United States as a member of the World Trade Orga-*
 8 *nization are exported under the program each year*
 9 *(minus the volume sold under section 1163 of this Act*
 10 *(7 U.S.C. 1731 note) during that year), except to the*
 11 *extent that the export of such a volume under the pro-*
 12 *gram would, in the judgment of the Secretary, exceed*
 13 *the limitations on the value set forth in subsection (f);*
 14 *and*

15 “(4) *payments may be made under the program*
 16 *for exports to any destination in the world for the*
 17 *purpose of market development, except a destination*
 18 *in a country with respect to which shipments from*
 19 *the United States are otherwise restricted by law.”.*

20 (c) *SOLE DISCRETION.*—Subsection (b) of such section
 21 *is amended by inserting “sole” before “discretion”.*

22 (d) *MARKET DEVELOPMENT.*—Subsection (e)(1) of
 23 *such section is amended—*

24 (1) *by striking “and” and inserting “the”; and*

1 (2) *by inserting before the period the following:*

2 “*, and any additional amount that may be required*
3 *to assist in the development of world markets for*
4 *United States dairy products*”.

5 (e) *MAXIMUM ALLOWABLE AMOUNTS.—Such section is*
6 *further amended by adding at the end the following:*

7 “(f) *REQUIRED FUNDING.—The Commodity Credit*
8 *Corporation shall in each year use money and commodities*
9 *for the program under this section in the maximum amount*
10 *consistent with the obligations of the United States as a*
11 *member of the World Trade Organization, minus the*
12 *amount expended under section 1163 of this Act (7 U.S.C.*
13 *1731 note) during that year. However, the Commodity*
14 *Credit Corporation may not exceed the limitations specified*
15 *in subsection (c)(3) on the volume of allowable dairy prod-*
16 *uct exports.*”.

17 **SEC. 204. DAIRY PROMOTION PROGRAM.**

18 (a) *EXPANSION TO COVER DAIRY PRODUCTS IM-*
19 *PORTED INTO THE UNITED STATES.—Section 110(b) of the*
20 *Dairy Production Stabilization Act of 1983 (7 U.S.C.*
21 *4501(b)) is amended by inserting after “commercial use”*
22 *the following: “and dairy products imported into the Unit-*
23 *ed States*”.

24 (b) *DEFINITIONS.—*

1 (1) *MILK*.—Subsection (d) of section 111 of such
 2 Act (7 U.S.C. 4502) is amended by inserting before
 3 the semicolon the following: “or cow’s milk imported
 4 into the United States in the form of dairy products
 5 intended for consumption in the United States”.

6 (2) *DAIRY PRODUCTS*.—Subsection (e) of such
 7 section is amended by inserting before the semicolon
 8 the following: “and casein (except casein imported
 9 under sections 3501.90.20 (casein glue) and
 10 3501.90.50 (other) of the Harmonized Tariff Sched-
 11 ule)”.

12 (3) *RESEARCH*.—Subsection (j) of such section is
 13 amended by inserting before the semicolon the follow-
 14 ing: “or to reduce the costs associated with processing
 15 or marketing those products”.

16 (4) *UNITED STATES*.—Subsection (l) of such sec-
 17 tion is amended to read as follows:

18 “(l) the term ‘United States’ means the several
 19 States and the District of Columbia;”.

20 (5) *IMPORTERS AND EXPORTERS*.—Such section
 21 is further amended—

22 (A) in subsection (k), by striking “and” at
 23 the end of such subsection; and

24 (B) by adding at the end the following new
 25 subsections:

1 “(m) the term ‘importer’ means the first person
2 to take title to dairy products imported into the
3 United States for domestic consumption; and

4 “(n) the term ‘exporter’ means any person who
5 exports dairy products from the United States.”.

6 (c) *MEMBERSHIP OF BOARD*.—Section 113(b) of such
7 Act (7 U.S.C. 4504(b)) is amended—

8 (1) in the first sentence, by striking “thirty-six
9 members” and inserting “38 members, including one
10 representative of importers and one representative of
11 exporters to be appointed by the Secretary”;

12 (2) in the second sentence, by striking “Mem-
13 bers” and inserting “The remaining members”; and

14 (3) in the third sentence, by striking “United
15 States” and inserting “United States, including Alas-
16 ka and Hawaii”.

17 (d) *ASSESSMENT*.—Section 113(g) of such Act (7
18 U.S.C. 4504(g)) is amended—

19 (1) by inserting “(1)” after “(g)”; and

20 (2) by adding at the end the following new paragraph:

21 “(2) The order shall provide that each importer of
22 dairy products intended for consumption in the United
23 States shall remit to the Board, in the manner prescribed
24 by the order, an assessment equal to 1.2 cents per pound
25 of total milk solids contained in the imported dairy prod-

1 ucts, or 15 cents per hundredweight of milk contained in
 2 the imported dairy products, whichever is less. If an im-
 3 porter can establish that it is participating in active, ongo-
 4 ing qualified State or regional dairy product promotion or
 5 nutrition programs intended to increase the consumption
 6 of milk and dairy products, the importer shall receive credit
 7 in determining the assessment due from that importer for
 8 contributions to such programs of up to .8 cents per pound
 9 of total milk solids contained in the imported dairy prod-
 10 ucts, or 10 cents per hundredweight of milk contained in
 11 the imported dairy products, whichever is less. The assess-
 12 ment collected under this paragraph shall be used for the
 13 purpose specified in paragraph (1).”.

14 (e) *RECORDS*.—Section 113(k) of such Act (7 U.S.C.
 15 4504(k)) is amended in the first sentence by inserting after
 16 “commercial use,” the following: “each importer of dairy
 17 products,”.

18 (f) *TERMINATION OR SUSPENSION OF ORDER*.—Sec-
 19 tion 116(b) of such Act (7 U.S.C. 4507(b)) is amended—

20 (1) by inserting “and importers” after “produc-
 21 ers” each place it appears;

22 (2) by striking “who, during a representative pe-
 23 riod (as determined by the Secretary), have been en-
 24 gaged in the production of milk for commercial use”;
 25 and

1 (3) *by adding at the end the following new sen-*
 2 *tences: “A producer shall be eligible to vote in the ref-*
 3 *erendum if the producer, during a representative pe-*
 4 *riod (as determined by the Secretary), has been en-*
 5 *gaged in the production of milk for commercial use.*
 6 *An importer shall be eligible to vote in the referendum*
 7 *if the importer, during a representative period (as de-*
 8 *termined by the Secretary), has been engaged in the*
 9 *importation of dairy products into the United States*
 10 *intended for consumption in the United States.”.*

11 (g) *PROMOTION IN INTERNATIONAL MARKETS.—Sec-*
 12 *tion 113(e) of such Act (7 U.S.C. 4504(e)) is amended by*
 13 *adding at the end the following new sentence: “For each*
 14 *of the fiscal years 1996 through 2000, the Board’s budget*
 15 *shall provide for the expenditure of not less than 10 percent*
 16 *of the anticipated revenues available to the Board to develop*
 17 *international markets for, and to promote within such mar-*
 18 *kets, the consumption of dairy products produced in the*
 19 *United States from milk produced in the United States.”.*

20 (h) *IMPLEMENTATION OF AMENDMENTS.—*

21 (1) *IMPLEMENTATION PROCESS.—To implement*
 22 *the amendments made by this section, the Secretary*
 23 *of Agriculture shall issue an amended dairy products*
 24 *promotion and research order under section 112 of the*
 25 *Dairy Production Stabilization Act of 1983 (7 U.S.C.*

1 4503) reflecting such amendments, and no other
2 changes, in the order in existence on the date of the
3 enactment of this Act.

4 (2) *PROPOSAL OF AMENDED ORDER.*—Not later
5 than 60 days after the date of the enactment of this
6 Act, the Secretary shall publish a proposed dairy
7 products promotion and research order reflecting the
8 amendments made by this section. The Secretary shall
9 provide notice and an opportunity for public com-
10 ment on the proposed order.

11 (3) *ISSUANCE OF AMENDED ORDER.*—After no-
12 tice and opportunity for public comment are provided
13 in accordance with paragraph (2), the Secretary shall
14 issue a final dairy products promotion and research
15 order, taking into consideration the comments re-
16 ceived and including in the order such provisions as
17 are necessary to ensure that the order is in conform-
18 ity with the amendments made by this section.

19 (4) *EFFECTIVE DATE.*—The final dairy products
20 promotion and research order shall be issued and be-
21 come effective not later than 120 days after publica-
22 tion of the proposed order.

23 (i) *REFERENDUM ON AMENDMENTS.*—Not later than
24 36 months after the issuance of the dairy products pro-
25 motion and research order reflecting the amendments made

1 by this section, the Secretary of Agriculture shall conduct
 2 a referendum under section 115 of the Dairy Production
 3 Stabilization Act of 1983 (7 U.S.C. 4506) for the sole pur-
 4 pose of determining whether the requirements of such
 5 amendments shall be continued. The Secretary shall conduct
 6 the referendum among persons who have been producers or
 7 importers (as defined in section 111 of such Act (7 U.S.C.
 8 4502)) during a representative period as determined by the
 9 Secretary. The requirements of such amendments shall be
 10 continued only if the Secretary determines that such re-
 11 quirements have been approved by not less than a majority
 12 of the persons voting in the referendum. If continuation of
 13 the amendments is not approved, the Secretary shall issue
 14 a new order, within six months after the announcement of
 15 the results of the referendum, that is identical to the order
 16 in effect on the date of the enactment of this Act. The new
 17 order shall become effective upon issuance and shall not be
 18 subject to referendum for approval.

19 **SEC. 205. FLUID MILK STANDARDS UNDER MILK MARKET-**
 20 **ING ORDERS.**

21 (a) NATURE OF STANDARDS.—Each marketing order
 22 issued with respect to milk and its products under section
 23 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reen-
 24 acted with amendments by the Agricultural Marketing
 25 Agreement Act of 1937, shall contain terms and conditions

1 to provide that all dispositions of fluid milk products con-
2 taining milk of the highest use classification covered by such
3 orders shall comply with the following requirements:

4 (1) In the case of milk marketed as whole milk,
5 not less than 12.05 percent total milk solids consisting
6 of not less than 8.8 percent milk solids not fat and
7 not less than 3.25 percent milk fat.

8 (2) In the case of milk marketed as 2 percent (or
9 lowfat) milk, not less than 12 percent total milk solids
10 consisting of not less than 10 percent milk solids not
11 fat and not less than 2 percent milk fat.

12 (3) In the case of milk marketed as 1 percent (or
13 light) milk, not less than 12 percent total milk solids
14 consisting of not less than 11 percent milk solids not
15 fat and not less than 1 percent milk fat.

16 (4) In the case of milk marketed as skim (or
17 nonfat) milk, not less than 9 percent total milk solids
18 consisting of not less than 9 percent milk solids not
19 fat and not more than .25 percent milk fat.

20 (b) VIOLATIONS.—A violation of the requirements spec-
21 ified in subsection (a) shall be subject to the penalties pro-
22 vided in section 8c(14) of the Agricultural Adjustment Act
23 (7 U.S.C. 608c(14)), reenacted with amendments by the Ag-
24 ricultural Marketing Agreement Act of 1937.

1 (c) *EFFECTIVE DATE.*—*The requirements imposed by*
 2 *this section shall apply to fluid milk marketed on and after*
 3 *the first day of the first month beginning not less than 30*
 4 *days after the date of the enactment of this Act.*

5 ***SEC. 206. MANUFACTURING ALLOWANCE.***

6 (a) *MAXIMUM ALLOWANCES ESTABLISHED.*—*No State*
 7 *shall provide for a manufacturing allowance for the process-*
 8 *ing of milk in excess of—*

9 (1) *in the case of milk manufactured into butter,*
 10 *butter oil, nonfat dry milk, or whole dry milk—*

11 (A) *\$1.65 per hundredweight of milk, for*
 12 *milk marketed during the 2-year period begin-*
 13 *ning on the effective date of this section; and*

14 (B) *such allowance per hundredweight of*
 15 *milk as the Secretary of Agriculture may estab-*
 16 *lish under section 221(b)(3), for milk marketed*
 17 *after the end of such period; and*

18 (2) *in the case of milk manufactured into cheese*
 19 *and whey—*

20 (A) *\$1.80 per hundredweight of milk, for*
 21 *milk marketed during the 2-year period begin-*
 22 *ning on the effective date of this section; and*

23 (B) *such allowance per hundredweight of*
 24 *milk as the Secretary may establish under sec-*

1 *tion 221(b)(3), for milk marketed after the end*
 2 *of such period.*

3 *(b) YIELDS.—In converting the weight of milk to dairy*
 4 *products during the two-year period beginning on the effec-*
 5 *tive date of this section, the Secretary shall use the following*
 6 *yields with respect to a hundred pounds of milk:*

7 *(1) Butter: 4.2 pounds.*

8 *(2) Nonfat dry milk: 8.613 pounds.*

9 *(3) 40 pound block cheddar cheese: 10.169*
 10 *pounds.*

11 *(4) Whey cream butter: .27 pounds.*

12 *(c) SOURCES OF PRODUCT PRICE VALUES.—In deter-*
 13 *mining the manufacturing allowance applicable in a State*
 14 *during the 2-year period beginning on the effective date of*
 15 *this section, the Secretary shall use the following sources*
 16 *for product price values:*

17 *(1) For butter, Chicago Mercantile Exchange*
 18 *Grade AA butter.*

19 *(2) For nonfat dry milk, California Manufactur-*
 20 *ing Plants Extra Grade and Grade A nonfat dry*
 21 *milk.*

22 *(3) For cheese, National (Green Bay) Cheese Ex-*
 23 *change 40 pound block cheddar cheese.*

24 *(4) For whey cream butter, Chicago Mercantile*
 25 *Exchange Grade B butter.*

1 (d) *MANUFACTURING ALLOWANCE DEFINED.*—*In this*
2 *section, the term “manufacturing allowance” means—*

3 (1) *the amount by which the product price value*
4 *of butter and nonfat dry milk manufactured from a*
5 *hundred pounds of milk containing 3.5 pounds of*
6 *milk fat and 8.7 pounds of milk solids not fat exceeds*
7 *the class price for the milk used to produce those*
8 *products; or*

9 (2) *an amount by which the product price value*
10 *of cheese and whey manufactured from a hundred*
11 *pounds of milk containing 3.6 pounds of milk fat and*
12 *8.7 pounds of milk solids not fat exceeds the class*
13 *price for the milk used to produce those products.*

14 (e) *EFFECT OF VIOLATION.*—*If the Secretary deter-*
15 *mines that a State has in effect a manufacturing allowance*
16 *that exceeds the manufacturing allowance authorized in*
17 *subsection (a), the Secretary shall suspend, until such time*
18 *as the State complies with such subsection—*

19 (1) *purchases under section 201 of cheddar cheese*
20 *produced in that State; and*

21 (2) *disbursements from the Class IV equalization*
22 *pool under section 208 to milk marketing orders oper-*
23 *ating in that State with respect to milk produced in*
24 *that State.*

25 (f) *CONFORMING SUSPENSION AND REPEAL.*—

1 (1) *SUSPENSION AND REPEAL.*—During the 2-
2 year period beginning on the effective date of this sec-
3 tion, the requirements of section 102 of the Food, Ag-
4 riculture, Conservation, and Trade Act of 1990 (7
5 U.S.C. 1446e–1) shall not apply. Effective on the first
6 day after the end of such period, such section is re-
7 pealed.

8 (2) *EXCEPTION.*—Notwithstanding paragraph
9 (1), in the event that an injunction or other order of
10 a court prohibits or impairs the implementation of
11 this section or the activities of the Secretary under
12 this section, the Secretary shall use the authorities
13 provided by section 102 of the Food, Agriculture, Con-
14 servation, and Trade Act of 1990 (7 U.S.C. 1446e–1)
15 until such time as the injunction or other court order
16 is lifted.

17 (g) *EFFECTIVE DATE; IMPLEMENTATION.*—This sec-
18 tion shall take effect on the first day of the first month be-
19 ginning not less than 30 days after the date of the enact-
20 ment of this Act. After such effective date, the Secretary may
21 exercise the authority provided to the Secretary under this
22 section without regard to the issuance of regulations in-
23 tended to carry out this section.

1 **SEC. 207. ESTABLISHMENT OF TEMPORARY CLASS I PRICE**
 2 **AND TEMPORARY CLASS I EQUALIZATION**
 3 **POOLS.**

4 (a) *TEMPORARY PRICING FOR MILK OF THE HIGHEST*
 5 *USE CLASSIFICATION (CLASS I MILK).—*

6 (1) *ESTABLISHMENT OF MINIMUM PRICE.—Dur-*
 7 *ing the 2-year period beginning on the effective date*
 8 *of this section, the minimum price for milk of the*
 9 *highest use classification marketed under a marketing*
 10 *order issued under section 8c of the Agricultural Ad-*
 11 *justment Act (7 U.S.C. 608c), reenacted with amend-*
 12 *ments by the Agricultural Marketing Agreement Act*
 13 *of 1937, shall not be less than the sum of—*

14 (A) *\$12.87 per hundredweight; and*

15 (B) *the aggregate adjustment in effect under*
 16 *clauses (1) and (2) of the second sentence of*
 17 *paragraph (5)(A) of such section on December*
 18 *31, 1995, for milk of the highest use classifica-*
 19 *tion in that order.*

20 (2) *ADDITION TO MINIMUM PRICE.—If the basic*
 21 *formula price for milk exceeds \$12.87 per hundred-*
 22 *weight in any month during the 2-year period begin-*
 23 *ning on the effective date of this section, the positive*
 24 *difference between the basic formula price and \$12.87*
 25 *shall be added to the price for milk of the highest use*
 26 *classification marketed under a marketing order is-*

1 *sued under such section 8c in the second month fol-*
 2 *lowing the month in which the difference occurred.*

3 (3) *EFFECT ON OTHER USE CLASSIFICATIONS.—*

4 *This subsection shall not affect the calculation of the*
 5 *basic formula price used to determine the price for*
 6 *milk of use classifications other than the highest use*
 7 *classification.*

8 (b) *CLASS I EQUALIZATION POOLS.—*

9 (1) *COLLECTIONS.—During the 2-year period be-*
 10 *ginning on the effective date of this section, the Sec-*
 11 *retary of Agriculture shall collect, on a monthly basis,*
 12 *from each marketing order issued with respect to milk*
 13 *and its products under section 8c of the Agricultural*
 14 *Adjustment Act (7 U.S.C. 608c), reenacted with*
 15 *amendments by the Agricultural Marketing Agree-*
 16 *ment Act of 1937, and from the comparable milk*
 17 *marketing order issued by the State of California, an*
 18 *amount equal to the product of—*

19 (A) *\$0.80 per hundredweight; and*

20 (B) *the total hundredweights of all milk of*
 21 *the highest use classification marketed under the*
 22 *order for the month.*

23 (2) *DISBURSEMENTS.—The Secretary shall pay,*
 24 *on a monthly basis, to each marketing order referred*

1 to in paragraph (1) an amount equal to the product
2 of—

3 (A) the total collection under paragraph (1)
4 for the month; and

5 (B) the ratio of the total hundredweights of
6 all milk marketed for the month under that order
7 to all milk marketed for the month under all
8 such orders.

9 (3) *EFFECT ON BLEND PRICES.*—*Producer blend*
10 *prices under a milk marketing order shall be adjusted*
11 *to account for collections made under paragraph (1)*
12 *and disbursements made under paragraph (2).*

13 (c) *ENFORCEMENT.*—

14 (1) *IN GENERAL.*—*Amounts for which a milk*
15 *marketing order are responsible under subsection (b)*
16 *shall be determined on a monthly basis and shall be*
17 *collected and remitted to the Secretary in the manner*
18 *prescribed by the Secretary.*

19 (2) *PENALTIES.*—*If any person fails to remit the*
20 *amount required in subsection (b) or fails to comply*
21 *with such requirements for recordkeeping or otherwise*
22 *as are required by the Secretary to carry out this sec-*
23 *tion, the person shall be liable to the Secretary for a*
24 *civil penalty up to an amount determined by mul-*
25 *tiplying—*

1 (A) the quantity of milk involved in the vio-
2 lation; by

3 (B) the support rate for milk in effect at the
4 time of the violation under section 201.

5 (3) *ENFORCEMENT.*—The Secretary may enforce
6 this section in the courts of the United States.

7 (d) *CONFORMING REPEAL.*—Section 8c(5)(A) of the
8 Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reen-
9 acted with amendments by the Agricultural Marketing
10 Agreement Act of 1937, is amended by striking out the sen-
11 tence beginning “Throughout the 2-year period” and all
12 that follows through the end of the subparagraph.

13 (e) *EFFECTIVE DATE.*—Except as provided in sub-
14 section (f), this section shall take effect on the first day of
15 the first month beginning not less than 30 days after the
16 date of the enactment of this Act.

17 (f) *IMPLEMENTATION.*—Not later than the effective
18 date of this section, the Secretary shall amend Federal milk
19 marketing orders issued under section 8c of the Agricultural
20 Adjustment Act (7 U.S.C. 608c), reenacted with amend-
21 ments by the Agricultural Marketing Agreement Act of
22 1937, to effectuate the requirements of this section. The
23 amendments shall not be—

24 (1) subject to a referendum under subsection (17)
25 or (19) of such section among milk producers to deter-

1 *mine whether issuance of such order is approved or*
 2 *favorable by milk producers;*

3 *(2) preconditioned on the existence of a market-*
 4 *ing agreement among handlers under subsection (8) of*
 5 *such section and section 8b of such Act (7 U.S.C.*
 6 *608b);*

7 *(3) subject to rulemaking under title 5, United*
 8 *States Code; or*

9 *(4) subject to review or approval by other execu-*
 10 *tive agencies.*

11 ***SEC. 208. ESTABLISHMENT OF TEMPORARY CLASS IV PRICE***
 12 ***AND TEMPORARY CLASS IV EQUALIZATION***
 13 ***POOL.***

14 *(a) TEMPORARY CLASSIFICATION OF CLASS IV*
 15 *MILK.—*

16 *(1) CLASSIFICATION.—For purposes of*
 17 *classifying milk in accordance with the form in which*
 18 *or the purpose for which it is used, the Secretary of*
 19 *Agriculture shall designate all milk marketed in the*
 20 *48 contiguous States of the United States and used to*
 21 *produce butter, butter oil, nonfat dry milk, or dry*
 22 *whole milk as Class IV milk. The Secretary may in-*
 23 *clude other products of milk, except cheese, within the*
 24 *Class IV classification if the Secretary determines*

1 *that inclusion of the product would be fair and equi-*
 2 *table.*

3 (2) *USE OF CLASSIFICATION.—Each marketing*
 4 *order issued with respect to milk and its products*
 5 *under section 8c of the Agricultural Adjustment Act*
 6 *(7 U.S.C. 608c), reenacted with amendments by the*
 7 *Agricultural Marketing Agreement Act of 1937, and*
 8 *each comparable State milk marketing order, shall*
 9 *use the classification required by paragraph (1) in*
 10 *lieu of any other classification, such as Class III–A*
 11 *milk, to properly classify milk used to produce butter,*
 12 *butter oil, nonfat dry milk, or dry whole milk.*

13 (b) *ESTABLISHMENT OF CLASS IV POOL.—The Sec-*
 14 *retary shall establish a Class IV pool for the purpose of*
 15 *making collections and disbursements related to milk classi-*
 16 *fied as Class IV milk under subsection (a). The Class IV*
 17 *pool shall apply to milk covered by a milk marketing order*
 18 *referred to in subsection (a) and unregulated milk.*

19 (c) *ESTABLISHMENT OF MONTHLY CLASS IV PRICE.—*
 20 *For the purpose of determining whether the Secretary will*
 21 *make collections and disbursements under the Class IV*
 22 *equalization pool, the Secretary shall establish, on a month-*
 23 *ly basis, a price for dairy products manufactured from*
 24 *Class IV milk on a 3.5 percent butterfat basis. In determin-*

1 *ing that price, the Secretary shall calculate the amount*
 2 *equal to—*

3 *(1) the sum of—*

4 *(A) the product of the Western States Extra*
 5 *Grade and Grade A price per pound for nonfat*
 6 *dry milk and 8.613; and*

7 *(B) the product of the Chicago Mercantile*
 8 *Exchange Grade AA price per pound for butter*
 9 *and 4.2; less*

10 *(2) a manufacturing allowance equal to \$1.65*
 11 *per hundredweight of milk.*

12 *(d) OPERATION OF CLASS IV EQUALIZATION POOL.—*

13 *(1) APPLICATION OF SUBSECTION.—This sub-*
 14 *section shall apply in any month in which the sup-*
 15 *port price for milk under section 201, adjusted to 3.5*
 16 *percent butterfat, exceeds the Class IV price estab-*
 17 *lished under subsection (c).*

18 *(2) COLLECTION.—In any month in which the*
 19 *Class IV equalization pool is in operation under*
 20 *paragraph (1), each milk marketing order referred to*
 21 *in subsection (a) and each handler of unregulated*
 22 *milk shall pay into the Class IV equalization pool an*
 23 *amount equal to the product of—*

24 *(A) the total hundredweights of Class IV*
 25 *milk used to manufacture dairy products during*

1 *that month under all such orders and by all such*
2 *handlers;*

3 *(B) 50 percent of the amount by which the*
4 *support price for milk under section 201, ad-*
5 *justed to 3.5 percent butterfat, exceeded the Class*
6 *IV price determined under subsection (c) for that*
7 *month; and*

8 *(C) the ratio of the total hundredweights of*
9 *all milk marketed during that month under that*
10 *order or by that handler to the total*
11 *hundredweights of all milk marketed for that*
12 *month under all such orders and by all such*
13 *handlers.*

14 *(3) DISBURSEMENTS.—In any month in which*
15 *the Class IV equalization pool is in operation under*
16 *paragraph (1), each milk marketing order referred to*
17 *in subsection (a) in which products were manufac-*
18 *tured from Class IV milk during that month and each*
19 *handler of unregulated milk that manufactured prod-*
20 *ucts from Class IV milk during that month shall re-*
21 *ceive from the Class IV equalization pool an amount*
22 *equal to the product of—*

23 *(A) the total collection under paragraph (2)*
24 *for the month; and*

1 (B) the ratio of the total hundredweights of
 2 Class IV milk manufactured into dairy products
 3 during that month under that order or by that
 4 handler to the total hundredweights of Class IV
 5 milk manufactured into dairy products during
 6 that month under all such orders and by all such
 7 handlers.

8 (4) *EFFECT ON BLEND PRICES.*—Producer blend
 9 prices under a milk marketing order referred to in
 10 subsection (a) shall be adjusted to account for collec-
 11 tions under paragraph (2) and disbursements under
 12 paragraph (3).

13 (e) *ENFORCEMENT.*—

14 (1) *IN GENERAL.*—Amounts for which a milk
 15 marketing order or handler are responsible under sub-
 16 section (b) shall be determined on a monthly basis
 17 and shall be collected and remitted to the Secretary
 18 in the manner prescribed by the Secretary.

19 (2) *PENALTIES.*—If any person fails to remit the
 20 amount required in subsection (c) or fails to comply
 21 with such requirements for recordkeeping or otherwise
 22 as are required by the Secretary to carry out this sec-
 23 tion, the person shall be liable to the Secretary for a
 24 civil penalty up to an amount determined by mul-
 25 tiplying—

1 (A) the quantity of milk involved in the vio-
2 lation; by

3 (B) the support rate for milk in effect at the
4 time of the violation under section 201.

5 (3) *ENFORCEMENT.*—The Secretary may enforce
6 this section in the courts of the United States.

7 (f) *EFFECTIVE DATE.*—Except as provided in sub-
8 section (g), this section shall—

9 (1) take effect on the first day of the first month
10 beginning not less than 30 days after the date of the
11 enactment of this Act; and

12 (2) apply during the 2-year period beginning on
13 such effective date.

14 (g) *IMPLEMENTATION.*—Not later than the start of the
15 effective date of this section, the Secretary shall amend Fed-
16 eral milk marketing orders issued under section 8c of the
17 Agricultural Adjustment Act (7 U.S.C. 608c), reenacted
18 with amendments by the Agricultural Marketing Agreement
19 Act of 1937, to effectuate the requirements of this section.
20 The amendments shall not be—

21 (1) subject to referendum under subsection (17)
22 or (19) of such section among milk producers to deter-
23 mine whether issuance of such order is approved or
24 favored by milk producers;

1 (2) *preconditioned on the existence of a market-*
2 *ing agreement among handlers under subsection (8) of*
3 *such section and section 8b of such Act (7 U.S.C.*
4 *608b);*

5 (3) *subject to rulemaking under title 5, United*
6 *States Code; or*

7 (4) *subject to review or approval by other execu-*
8 *tive agencies.*

9 **SEC. 209. AUTHORITY FOR ESTABLISHMENT OF STANDBY**
10 **POOLS.**

11 (a) *AUTHORITY TO ESTABLISH.—As soon as possible*
12 *after the effective date of this section, the Secretary of Agri-*
13 *culture shall publish in the Federal Register an invitation*
14 *for interested persons to submit proposals for the establish-*
15 *ment within Federal milk marketing orders issued under*
16 *section 8c of the Agricultural Adjustment Act (7 U.S.C.*
17 *608c), reenacted with amendments by the Agricultural Mar-*
18 *keting Agreement Act of 1937, of standby pools to facilitate*
19 *the movement of milk over long distances during periods*
20 *of shortage through the sharing of proceeds from sales of*
21 *milk of the highest use classification due to producers under*
22 *the order with producers shipping to plants regulated by*
23 *another order to provide a reserve supply of milk in the*
24 *other market.*

1 (b) *APPROVAL OR TERMINATION OF PARTICIPATION IN*
2 *STANDBY POOL.*—Order provisions under this section shall
3 not become effective in any marketing order unless such pro-
4 visions are approved by producers in the manner provided
5 for the approval of marketing orders under section 8c of
6 the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted
7 with amendments by the Agricultural Marketing Agreement
8 Act of 1937, but separately from other order provisions.
9 Standby pool provisions approved under this section in an
10 order may be disapproved separately by producers or termi-
11 nated separately by the Secretary under section 8c(16)(B)
12 of such Act. Such disapproval or termination shall not be
13 considered to be a disapproval or termination of the other
14 terms of that order.

15 (c) *EFFECTIVE DATE.*—This section shall take effect
16 on the first day of the first month beginning not less than
17 30 days after the date of the enactment of this Act.

18 ***Subtitle B—Reform of Federal Milk***
19 ***Marketing Orders***

20 ***SEC. 221. ISSUANCE OR AMENDMENT OF FEDERAL MILK***
21 ***MARKETING ORDERS TO IMPLEMENT CER-***
22 ***TAIN REFORMS.***

23 (a) *ISSUANCE OF AMENDED ORDERS.*—Subject to the
24 time limits specified in section 222, the Secretary of Agri-
25 culture shall issue new or amended marketing orders with

1 *respect to milk and its products under section 8c of the Ag-*
2 *ricultural Adjustment Act (7 U.S.C. 608c), reenacted with*
3 *amendments by the Agricultural Marketing Agreement Act*
4 *of 1937, to effectuate the requirements of subsection (b). The*
5 *orders shall take effect on the date the orders are issued and*
6 *shall supersede all other marketing orders and any other*
7 *statutes, rules, and regulations that are applicable to the*
8 *pricing and marketing of milk and its products in effect*
9 *immediately before that date, whether under the authority*
10 *of section 8c of such Act or a State or local law.*

11 *(b) REFORM REQUIREMENTS.—The Secretary shall re-*
12 *form the Federal milk marketing order system under sub-*
13 *section (a) to accomplish the following purposes:*

14 *(1) Consolidation of Federal milk marketing or-*
15 *ders into not less than 8 nor more than 13 orders,*
16 *which shall also include those areas of the 48 contig-*
17 *uous States not covered by a Federal milk marketing*
18 *order on the date of the enactment of this Act. One*
19 *of the new Federal milk marketing orders shall only*
20 *cover the State of California. A new or amended order*
21 *shall have the right to blend order receipts to address*
22 *unique issues to that order such as a preexisting State*
23 *quota system.*

1 (2) *Implementation of uniform multiple compo-*
 2 *nent pricing for milk used in manufactured dairy*
 3 *products.*

4 (3) *Establishment of class prices for milk used to*
 5 *produce cheese, nonfat dry milk, and butter based on*
 6 *national product prices, less a manufacturing allow-*
 7 *ance. The resulting prices shall not vary regionally,*
 8 *except to reflect variances in transportation and rea-*
 9 *sonable operating costs, if any, of efficient processing*
 10 *plants in different geographical areas.*

11 (c) *STATUS OF PRODUCER HANDLERS.*—*In amending*
 12 *Federal milk marketing orders under this section, the Sec-*
 13 *retary shall ensure that the legal status of producer handlers*
 14 *of milk under the Agricultural Adjustment Act (7 U.S.C.*
 15 *601 et seq.), reenacted with amendments by the Agricultural*
 16 *Marketing Agreement Act of 1937, shall be the same after*
 17 *the amendments made by this section take effect as it was*
 18 *before the effective date of the amendments.*

19 **SEC. 222. REFORM PROCESS.**

20 (a) *PROCESS.*—*In preparation for the issuance of the*
 21 *new or amended Federal milk marketing orders required*
 22 *under section 221, the Secretary of Agriculture shall comply*
 23 *with the following expedited procedural requirements:*

24 (1) *Not later than 165 days after the date of the*
 25 *enactment of this Act, the Secretary shall issue pro-*

1 *posed amendments or new milk marketing orders to*
2 *effectuate the reform requirements specified in such*
3 *section.*

4 *(2) The Secretary shall provide for a 75-day*
5 *comment period on the proposed amendments or or-*
6 *ders issued under paragraph (1).*

7 *(3) Not later than 120 days after the end of the*
8 *comment period provided under paragraph (2), the*
9 *Secretary shall publish in the Federal Register a final*
10 *administrative decision regarding the issuance or*
11 *amendment of Federal milk marketing orders to effec-*
12 *tuate the reform requirements specified in such sec-*
13 *tion.*

14 *(b) REFERENDUM AND MARKETING AGREEMENT.—*
15 *After the issuance of the new or amended Federal milk mar-*
16 *keting orders under section 221, the Secretary may conduct*
17 *a referendum in the manner provided in section 8c(16)(B)*
18 *of the Agricultural Adjustment Act (7 U.S.C. 608c(16)(B)),*
19 *reenacted with amendments by the Agricultural Marketing*
20 *Agreement Act of 1937, with respect to each order to deter-*
21 *mine whether milk producers subject to the order favor the*
22 *termination of the order.*

23 *(c) APPLICATION OF ADMINISTRATIVE PROCEDURES*
24 *ACT.—The issuance of the new or amended Federal milk*

1 *marketing orders required under section 221 shall not be*
2 *subject to rulemaking under title 5, United States Code.*

3 *(d) REVIEW AND APPROVAL.—The action of the Sec-*
4 *retary under section 221 shall not be subject to review or*
5 *approval by any other executive agency.*

6 **SEC. 223. EFFECT OF FAILURE TO COMPLY WITH REFORM**
7 **PROCESS REQUIREMENTS.**

8 *(a) FAILURE TO TIMELY ISSUE OR AMEND ORDERS.—*
9 *If, before the end of the 1-year period beginning on the date*
10 *of the enactment of this Act, the Secretary of Agriculture*
11 *does not issue new or amended Federal milk marketing or-*
12 *ders under section 8c of the Agricultural Adjustment Act*
13 *(7 U.S.C. 608c), reenacted with amendments by the Agricul-*
14 *tural Marketing Agreement Act of 1937, to effectuate the*
15 *requirements of section 221(b), then the Secretary may not*
16 *assess or collect assessments from milk producers or han-*
17 *dlers under such section 8c for marketing order administra-*
18 *tion and services provided under such section after the end*
19 *of that period. The Secretary may not reduce the level of*
20 *services provided under such section on account of the pro-*
21 *hibition against assessments, but shall rather cover the cost*
22 *of marketing order administration and services through*
23 *funds available for the Agricultural Marketing Service of*
24 *the Department of Agriculture.*

1 (b) *FAILURE TO TIMELY IMPLEMENT ORDERS.*—Un-
2 less the Secretary certifies to Congress before the end of the
3 2-year period beginning on the date of the enactment of this
4 Act that all of the Federal marketing order reforms required
5 by section 221(b) have been fully implemented, then, effec-
6 tive at the end of that period—

7 (1) the Secretary shall immediately cease all
8 price support activities under section 201;

9 (2) the Secretary shall immediately terminate all
10 Federal milk marketing orders under section 8c of the
11 Agricultural Adjustment Act (7 U.S.C. 608c), reen-
12 acted with amendments by the Agricultural Market-
13 ing Agreement Act of 1937, and may not issue any
14 further order under such Act with respect to milk;

15 (3) the Commodity Credit Corporation shall im-
16 mediately cease to operate the dairy export incentive
17 program under section 153 of the Food Security Act
18 of 1985 (15 U.S.C. 713a–14);

19 (4) the Secretary and the National Processor Ad-
20 vertising and Promotion Board shall immediately
21 cease all activities under the Fluid Milk Promotion
22 Act of 1990 (7 U.S.C. 6401 et seq.); and

23 (5) the Secretary and the National Dairy Pro-
24 motion and Research Board shall immediately cease

1 *all activities under the Dairy Production Stabiliza-*
 2 *tion Act of 1983 (7 U.S.C. 4501 et seq.).*

3 (c) *EFFECT OF COURT ORDER.*—*The actions author-*
 4 *ized by this section are intended to ensure the timely publi-*
 5 *cation and implementation of new and amended Federal*
 6 *milk marketing orders under section 8c of the Agricultural*
 7 *Adjustment Act (7 U.S.C. 608c), reenacted with amend-*
 8 *ments by the Agricultural Marketing Agreement Act of*
 9 *1937. In the event that the Secretary is enjoined or other-*
 10 *wise restrained by a court order from publishing or imple-*
 11 *menting the reform requirements specified by section 221,*
 12 *the length of time for which that injunction or other re-*
 13 *straining order is effective shall be added to the time limita-*
 14 *tions specified in subsections (a) and (b) thereby extending*
 15 *those time limitations by a period of time equal to the pe-*
 16 *riod of time for which the injunction or other restraining*
 17 *order is effective.*

18 ***TITLE III—CONSERVATION***

19 ***SEC. 301. CONSERVATION.***

20 (a) *FUNDING.*—*Subtitle E of title XII of the Food Se-*
 21 *curity Act of 1985 (16 U.S.C. 3841 et seq.) is amended to*
 22 *read as follows:*

1 **“Subtitle E—Funding**

2 **“SEC. 1241. FUNDING.**

3 “(a) *MANDATORY EXPENSES.*—For each of fiscal years
4 1996 through 2002, the Secretary shall use the funds of the
5 Commodity Credit Corporation to carry out the programs
6 authorized by—

7 “(1) subchapter B of chapter 1 of subtitle D (in-
8 cluding contracts extended by the Secretary pursuant
9 to section 1437 of the Food, Agriculture, Conserva-
10 tion, and Trade Act of 1990 (Public Law 101–624; 16
11 U.S.C. 3831 note));

12 “(2) subchapter C of chapter 1 of subtitle D; and

13 “(3) chapter 4 of subtitle D.

14 “(b) *LIVESTOCK ENVIRONMENTAL ASSISTANCE PRO-*
15 *GRAM.*—For each of fiscal years 1996 through 2002,
16 \$100,000,000 of the funds of the Commodity Credit Cor-
17 poration shall be available for providing technical assist-
18 ance, cost-sharing payments, and incentive payments for
19 practices relating to livestock production under the livestock
20 environmental assistance program under chapter 4 of sub-
21 title D.”.

22 (b) *LIVESTOCK ENVIRONMENTAL ASSISTANCE PRO-*
23 *GRAM.*—Subtitle D of title XII of the Food Security Act
24 of 1985 (16 U.S.C. 3830 et seq.) is amended by adding at
25 the end the following:

1 **“CHAPTER 4—LIVESTOCK**
2 **ENVIRONMENTAL ASSISTANCE PROGRAM**

3 **“SEC. 1240. DEFINITIONS.**

4 *“In this chapter:*

5 *“(1) LAND MANAGEMENT PRACTICE.—The term*
6 *‘land management practice’ means a site-specific nu-*
7 *trient or manure management, irrigation manage-*
8 *ment, tillage or residue management, grazing man-*
9 *agement, or other land management practice that the*
10 *Secretary determines is needed to protect, in the most*
11 *cost effective manner, water, soil, or related resources*
12 *from degradation due to livestock production.*

13 *“(2) LARGE CONFINED LIVESTOCK OPERATION.—*
14 *The term ‘large confined livestock operation’ means*
15 *an operation that—*

16 *“(A) is a confined animal feeding oper-*
17 *ation; and*

18 *“(B) has more than—*

19 *“(i) 55 mature dairy cattle;*

20 *“(ii) 10,000 beef cattle;*

21 *“(iii) 30,000 laying hens or broilers (if*
22 *the facility has continuous overflow water-*
23 *ing);*

24 *“(iv) 100,000 laying hens or broilers*
25 *(if the facility has a liquid manure system);*

1 “(v) 55,000 turkeys;

2 “(vi) 15,000 swine; or

3 “(vii) 10,000 sheep or lambs.

4 “(3) *LIVESTOCK*.—The term ‘livestock’ means
5 dairy cows, beef cattle, laying hens, broilers, turkeys,
6 swine, sheep, lambs, and such other animals as deter-
7 mined by the Secretary.

8 “(4) *OPERATOR*.—The term ‘operator’ means a
9 person who is engaged in livestock production (as de-
10 fined by the Secretary).

11 “(5) *STRUCTURAL PRACTICE*.—The term ‘struc-
12 tural practice’ means the establishment of an animal
13 waste management facility, terrace, grassed water-
14 way, contour grass strip, filterstrip, or other struc-
15 tural practice that the Secretary determines is needed
16 to protect, in the most cost effective manner, water,
17 soil, or related resources from degradation due to live-
18 stock production.

19 **“SEC. 1240A. ESTABLISHMENT AND ADMINISTRATION OF**
20 **LIVESTOCK ENVIRONMENTAL ASSISTANCE**
21 **PROGRAM.**

22 “(a) *ESTABLISHMENT*.—

23 “(1) *IN GENERAL*.—During the 1996 through
24 2002 fiscal years, the Secretary shall provide tech-
25 nical assistance, cost-sharing payments, and incentive

1 *payments to operators who enter into contracts with*
2 *the Secretary, through a livestock environmental as-*
3 *sistance program.*

4 “(2) *ELIGIBLE PRACTICES.*—

5 “(A) *STRUCTURAL PRACTICES.*—*An opera-*
6 *tor who implements a structural practice shall be*
7 *eligible for technical assistance or cost-sharing*
8 *payments, or both.*

9 “(B) *LAND MANAGEMENT PRACTICES.*—*An*
10 *operator who performs a land management prac-*
11 *tice shall be eligible for technical assistance or*
12 *incentive payments, or both.*

13 “(3) *ELIGIBLE LAND.*—*Assistance under this*
14 *chapter may be provided with respect to land that is*
15 *used for livestock production and on which a serious*
16 *threat to water, soil, or related resources exists, as de-*
17 *termined by the Secretary, by reason of the soil types,*
18 *terrain, climatic, soil, topographic, flood, or saline*
19 *characteristics, or other factors or natural hazards.*

20 “(4) *SELECTION CRITERIA.*—*In providing tech-*
21 *nical assistance, cost-sharing payments, and incentive*
22 *payments to operators in a region, watershed, or con-*
23 *servation priority area in which an agricultural op-*
24 *eration is located, the Secretary shall consider—*

1 “(A) *the significance of the water, soil, and*
 2 *related natural resource problems; and*

3 “(B) *the maximization of environmental*
 4 *benefits per dollar expended.*

5 “(b) *APPLICATION AND TERM.*—

6 “(1) *IN GENERAL.*—*A contract between an oper-*
 7 *ator and the Secretary under this chapter may—*

8 “(A) *apply to 1 or more structural practices*
 9 *or 1 or more land management practices, or*
 10 *both; and*

11 “(B) *have a term of not less than 5, nor*
 12 *more than 10, years, as determined appropriate*
 13 *by the Secretary, depending on the practice or*
 14 *practices that are the basis of the contract.*

15 “(2) *DUTIES OF OPERATORS AND SECRETARY.*—
 16 *To receive cost-sharing or incentive payments, or*
 17 *technical assistance, participating operators shall*
 18 *comply with all terms and conditions of the contract*
 19 *and a plan, as established by the Secretary.*

20 “(c) *STRUCTURAL PRACTICES.*—

21 “(1) *COMPETITIVE OFFER.*—*The Secretary shall*
 22 *administer a competitive offer system for operators*
 23 *proposing to receive cost-sharing payments in ex-*
 24 *change for the implementation of 1 or more structural*

1 *practices by the operator. The competitive offer system*
 2 *shall consist of—*

3 *“(A) the submission of a competitive offer*
 4 *by the operator in such manner as the Secretary*
 5 *may prescribe; and*

6 *“(B) evaluation of the offer in light of the*
 7 *selection criteria established under subsection*
 8 *(a)(4) and the projected cost of the proposal, as*
 9 *determined by the Secretary.*

10 *“(2) CONCURRENCE OF OWNER.—If the operator*
 11 *making an offer to implement a structural practice is*
 12 *a tenant of the land involved in agricultural produc-*
 13 *tion, for the offer to be acceptable, the operator shall*
 14 *obtain the concurrence of the owner of the land with*
 15 *respect to the offer.*

16 *“(d) LAND MANAGEMENT PRACTICES.—The Secretary*
 17 *shall establish an application and evaluation process for*
 18 *awarding technical assistance or incentive payments, or*
 19 *both, to an operator in exchange for the performance of 1*
 20 *or more land management practices by the operator.*

21 *“(e) COST-SHARING, INCENTIVE PAYMENTS, AND*
 22 *TECHNICAL ASSISTANCE.—*

23 *“(1) COST-SHARING PAYMENTS.—*

24 *“(A) IN GENERAL.—The Federal share of*
 25 *cost-sharing payments to an operator proposing*

1 to implement 1 or more structural practices shall
2 not be greater than 75 percent of the projected
3 cost of each practice, as determined by the Sec-
4 retary, taking into consideration any payment
5 received by the operator from a State or local
6 government.

7 “(B) *LIMITATION.*—An operator of a large
8 confined livestock operation shall not be eligible
9 for cost-sharing payments to construct an ani-
10 mal waste management facility.

11 “(C) *OTHER PAYMENTS.*—An operator shall
12 not be eligible for cost-sharing payments for
13 structural practices on eligible land under this
14 chapter if the operator receives cost-sharing pay-
15 ments or other benefits for the same land under
16 chapter 1, 2, or 3.

17 “(2) *INCENTIVE PAYMENTS.*—The Secretary shall
18 make incentive payments in an amount and at a rate
19 determined by the Secretary to be necessary to encour-
20 age an operator to perform 1 or more land manage-
21 ment practices.

22 “(3) *TECHNICAL ASSISTANCE.*—

23 “(A) *FUNDING.*—The Secretary shall allo-
24 cate funding under this chapter for the provision
25 of technical assistance according to the purpose

1 *and projected cost for which the technical assist-*
 2 *ance is provided for a fiscal year. The allocated*
 3 *amount may vary according to the type of exper-*
 4 *tise required, quantity of time involved, and*
 5 *other factors as determined appropriate by the*
 6 *Secretary. Funding shall not exceed the projected*
 7 *cost to the Secretary of the technical assistance*
 8 *provided for a fiscal year.*

9 *“(B) OTHER AUTHORITIES.—The receipt of*
 10 *technical assistance under this chapter shall not*
 11 *affect the eligibility of the operator to receive*
 12 *technical assistance under other authorities of*
 13 *law available to the Secretary.*

14 *“(f) LIMITATION ON PAYMENTS.—*

15 *“(1) IN GENERAL.—The total amount of cost-*
 16 *sharing and incentive payments paid to a person*
 17 *under this chapter may not exceed—*

18 *“(A) \$10,000 for any fiscal year; or*

19 *“(B) \$50,000 for any multiyear contract.*

20 *“(2) REGULATIONS.—The Secretary shall issue*
 21 *regulations that are consistent with section 1001 for*
 22 *the purpose of—*

23 *“(A) defining the term ‘person’ as used in*
 24 *paragraph (1); and*

1 “(B) prescribing such rules as the Secretary
 2 determines necessary to ensure a fair and rea-
 3 sonable application of the limitations established
 4 under this subsection.

5 “(g) REGULATIONS.—Not later than 180 days after the
 6 effective date of this subsection, the Secretary shall issue reg-
 7 ulations to implement the livestock environmental assist-
 8 ance program established under this chapter.”.

9 (c) CONFORMING PROGRAM CHANGES.—

10 (1) WETLANDS RESERVE PROGRAM.—

11 (A) IN GENERAL.—Section 1237 of the Food
 12 Security Act of 1985 (16 U.S.C. 3837) is amend-
 13 ed—

14 (i) in subsection (b)(2)—

15 (I) by striking “not less” and in-
 16 serting “not more”; and

17 (II) by striking “2000” and in-
 18 serting “2002”; and

19 (ii) in subsection (c), by striking
 20 “2000” and inserting “2002”.

21 (B) LENGTH OF EASEMENT.—Section
 22 1237A(e) of the Food Security Act of 1985 (16
 23 U.S.C. 3837a(e)) is amended by striking para-
 24 graph (2) and inserting the following:

1 “(2) shall be for 15 years, but in no case shall
2 be a permanent easement.”.

3 (2) CONSERVATION RESERVE PROGRAM.—Section
4 1231(d) of the Food Security Act of 1985 (16 U.S.C.
5 3831(d)) is amended by striking “total of” and all
6 that follows through the period at the end of the sub-
7 section and inserting “total of 36,400,000 acres.”.
8 Section 725 of the Agriculture, Rural Development,
9 Food and Drug Administration, and Related Agencies
10 Appropriations Act, 1996 (Public Law 104–37; 109
11 Stat. 332), is amended by striking the proviso relat-
12 ing to enrollment of new acres in 1997.

13 **TITLE IV—AGRICULTURAL PRO-**
14 **MOTION AND EXPORT PRO-**
15 **GRAMS**

16 **SEC. 401. MARKET PROMOTION PROGRAM.**

17 Effective as of October 1, 1995, section 211(c)(1) of the
18 Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is
19 amended—

20 (1) by striking “and” after “1991 through
21 1993,”; and

22 (2) by striking “through 1997,” and inserting
23 “through 1995, and not more than \$100,000,000 for
24 each of fiscal years 1996 through 2002,”.

1 **SEC. 402. EXPORT ENHANCEMENT PROGRAM.**

2 *Effective as of October 1, 1995, section 301(e)(1) of the*
 3 *Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)) is*
 4 *amended to read as follows:*

5 “(1) *IN GENERAL.*—*The Commodity Credit Cor-*
 6 *poration shall make available to carry out the pro-*
 7 *gram established under this section not more than—*

8 “(A) \$350,000,000 for fiscal year 1996;

9 “(B) \$350,000,000 for fiscal year 1997;

10 “(C) \$500,000,000 for fiscal year 1998;

11 “(D) \$550,000,000 for fiscal year 1999;

12 “(E) \$579,000,000 for fiscal year 2000;

13 “(F) \$478,000,000 for fiscal year 2001; and

14 “(G) \$478,000,000 for fiscal year 2002.”.

15 **TITLE V—MISCELLANEOUS**

16 **SEC. 501. CROP INSURANCE.**

17 (a) *CATASTROPHIC RISK PROTECTION.*—*Section*
 18 *508(b) of the Federal Crop Insurance Act (7 U.S.C.*
 19 *1508(b)) is amended—*

20 (1) *in paragraph (4), by adding at the end the*
 21 *following:*

22 “(C) *DELIVERY OF COVERAGE.*—

23 “(i) *IN GENERAL.*—*In full consultation*
 24 *with approved insurance providers, the Sec-*
 25 *retary may continue to offer catastrophic*
 26 *risk protection in a State (or a portion of*

1 *a State) through local offices of the Depart-*
 2 *ment if the Secretary determines that there*
 3 *is an insufficient number of approved in-*
 4 *surance providers operating in the State or*
 5 *portion to adequately provide catastrophic*
 6 *risk protection coverage to producers.*

7 “(ii) *COVERAGE BY APPROVED INSUR-*
 8 *ANCE PROVIDERS.—To the extent that cata-*
 9 *strophic risk protection coverage by ap-*
 10 *proved insurance providers is sufficiently*
 11 *available in a State as determined by the*
 12 *Secretary, only approved insurance provid-*
 13 *ers may provide the coverage in the State.*

14 “(iii) *CURRENT POLICIES.—Subject to*
 15 *clause (ii), all catastrophic risk protection*
 16 *policies written by local offices of the De-*
 17 *partment shall be transferred (including all*
 18 *fees collected for the crop year in which the*
 19 *approved insurance provider will assume*
 20 *the policies) to the approved insurance pro-*
 21 *vider for performance of all sales, service,*
 22 *and loss adjustment functions.”; and*

23 (2) *in paragraph (7), by striking subparagraph*
 24 *(A) and inserting the following:*

1 “(A) *IN GENERAL.*—Effective for the spring-
 2 planted 1996 and subsequent crops, to be eligible
 3 for any payment or loan under title I of the Ag-
 4 ricultural Market Transition Act or the Agricul-
 5 tural Adjustment Act of 1938 (7 U.S.C. 1281 *et*
 6 *seq.*), for the conservation reserve program, or for
 7 any benefit described in section 371 of the Con-
 8 solidated Farm and Rural Development Act (7
 9 U.S.C. 2008f), a person shall—

10 “(i) obtain at least the catastrophic
 11 level of insurance for each crop of economic
 12 significance in which the person has an in-
 13 terest; or

14 “(ii) provide a written waiver to the
 15 Secretary that waives any eligibility for
 16 emergency crop loss assistance in connection
 17 with the crop.”.

18 (b) *COVERAGE OF SEED CROPS.*—Section
 19 519(a)(2)(B) of the Act (7 U.S.C. 1519(a)(2)(B)) is amend-
 20 ed by inserting “seed crops,” after “turfgrass sod,”.

21 **SEC. 502. COLLECTION AND USE OF AGRICULTURAL QUAR-**
 22 **ANTINE AND INSPECTION FEES.**

23 Subsection (a) of section 2509 of the Food, Agriculture,
 24 Conservation, and Trade Act of 1990 (21 U.S.C. 136a) is
 25 amended to read as follows:

1 “(a) *QUARANTINE AND INSPECTION FEES.*—

2 “(1) *FEES AUTHORIZED.*—*The Secretary of Ag-*
3 *riculture may prescribe and collect fees sufficient—*

4 “(A) *to cover the cost of providing agricul-*
5 *tural quarantine and inspection services in con-*
6 *nection with the arrival at a port in the customs*
7 *territory of the United States, or the*
8 *preclearance or preinspection at a site outside*
9 *the customs territory of the United States, of an*
10 *international passenger, commercial vessel, com-*
11 *mercial aircraft, commercial truck, or railroad*
12 *car;*

13 “(B) *to cover the cost of administering this*
14 *subsection; and*

15 “(C) *through fiscal year 2002, to maintain*
16 *a reasonable balance in the Agricultural Quar-*
17 *antine Inspection User Fee Account established*
18 *under paragraph (5).*

19 “(2) *LIMITATION.*—*In setting the fees under*
20 *paragraph (1), the Secretary shall ensure that the*
21 *amount of the fees are commensurate with the costs of*
22 *agricultural quarantine and inspection services with*
23 *respect to the class of persons or entities paying the*
24 *fees. The costs of the services with respect to pas-*

1 *sengers as a class includes the costs of related inspec-*
 2 *tions of the aircraft or other vehicle.*

3 “(3) *STATUS OF FEES.*—*Fees collected under this*
 4 *subsection by any person on behalf of the Secretary*
 5 *are held in trust for the United States and shall be*
 6 *remitted to the Secretary in such manner and at such*
 7 *times as the Secretary may prescribe.*

8 “(4) *LATE PAYMENT PENALTIES.*—*If a person*
 9 *subject to a fee under this subsection fails to pay the*
 10 *fee when due, the Secretary shall assess a late pay-*
 11 *ment penalty, and the overdue fees shall accrue inter-*
 12 *est, as required by section 3717 of title 31, United*
 13 *States Code.*

14 “(5) *AGRICULTURAL QUARANTINE INSPECTION*
 15 *USER FEE ACCOUNT.*—

16 “(A) *ESTABLISHMENT.*—*There is estab-*
 17 *lished in the Treasury of the United States a no-*
 18 *year fund, to be known as the ‘Agricultural*
 19 *Quarantine Inspection User Fee Account’, which*
 20 *shall contain all of the fees collected under this*
 21 *subsection and late payment penalties and inter-*
 22 *est charges collected under paragraph (4)*
 23 *through fiscal year 2002.*

24 “(B) *USE OF ACCOUNT.*—*For each of the*
 25 *fiscal years 1996 through 2002, funds in the Ag-*

1 *gricultural Quarantine Inspection User Fee Ac-*
2 *count shall be available, in such amounts as are*
3 *provided in advance in appropriations Acts, to*
4 *cover the costs associated with the provision of*
5 *agricultural quarantine and inspection services*
6 *and the administration of this subsection.*
7 *Amounts made available under this subpara-*
8 *graph shall be available until expended.*

9 “(C) *EXCESS FEES.—Fees and other*
10 *amounts collected under this subsection in any of*
11 *the fiscal years 1996 through 2002 in excess of*
12 *\$100,000,000 shall be available for the purposes*
13 *specified in subparagraph (B) until expended,*
14 *without further appropriation.*

15 “(6) *USE OF AMOUNTS COLLECTED AFTER FIS-*
16 *CAL YEAR 2002.—After September 30, 2002, the unob-*
17 *ligated balance in the Agricultural Quarantine In-*
18 *spection User Fee Account and fees and other*
19 *amounts collected under this subsection shall be cred-*
20 *ited to the Department of Agriculture accounts that*
21 *incur the costs associated with the provision of agri-*
22 *cultural quarantine and inspection services and the*
23 *administration of this subsection. The fees and other*
24 *amounts shall remain available to the Secretary until*
25 *expended without fiscal year limitation.*

1 “(7) *STAFF YEARS*.—*The number of full-time*
 2 *equivalent positions in the Department of Agriculture*
 3 *attributable to the provision of agricultural quar-*
 4 *antine and inspection services and the administration*
 5 *of this subsection shall not be counted toward the lim-*
 6 *itation on the total number of full-time equivalent po-*
 7 *sitions in all agencies specified in section 5(b) of the*
 8 *Federal Workforce Restructuring Act of 1994 (Public*
 9 *Law 103–226; 5 U.S.C. 3101 note) or other limita-*
 10 *tion on the total number of full-time equivalent posi-*
 11 *tions.*”.

12 **SEC. 503. COMMODITY CREDIT CORPORATION INTEREST**
 13 **RATE.**

14 *Notwithstanding any other provision of law, the*
 15 *monthly Commodity Credit Corporation interest rate appli-*
 16 *cable to loans provided for agricultural commodities by the*
 17 *Corporation shall be 100 basis points greater than the rate*
 18 *determined under the applicable interest rate formula in*
 19 *effect on October 1, 1995.*

20 **SEC. 504. ESTABLISHMENT OF OFFICE OF RISK MANAGE-**
 21 **MENT.**

22 *(a) ESTABLISHMENT*.—*The Department of Agriculture*
 23 *Reorganization Act of 1994 is amended by inserting after*
 24 *section 226 (7 U.S.C. 6932) the following new section:*

1 **“SEC. 226A. OFFICE OF RISK MANAGEMENT.**

2 “(a) *ESTABLISHMENT.*—Subject to subsection (e), the
3 Secretary shall establish and maintain in the Department
4 an independent Office of Risk Management.

5 “(b) *FUNCTIONS OF THE OFFICE OF RISK MANAGE-*
6 *MENT.*—The Office of Risk Management shall have jurisdic-
7 tion over the following functions:

8 “(1) *Supervision of the Federal Crop Insurance*
9 *Corporation.*

10 “(2) *Administration and oversight of all aspects,*
11 *including delivery through local offices of the Depart-*
12 *ment, of all programs authorized under the Federal*
13 *Crop Insurance Act (7 U.S.C. 1501 et seq.).*

14 “(3) *Any pilot or other programs involving reve-*
15 *nue insurance, risk management savings accounts, or*
16 *the use of the futures market to manage risk and sup-*
17 *port farm income that may be established under the*
18 *Federal Crop Insurance Act or other law.*

19 “(4) *Such other functions as the Secretary con-*
20 *siders appropriate.*

21 “(c) *ADMINISTRATOR.*—

22 “(1) *The Office of Risk Management shall be*
23 *headed by an Administrator who shall be appointed*
24 *by the Secretary.*

1 “(2) *The Administrator of the Office of Risk*
2 *Management shall also serve as Manager of the Fed-*
3 *eral Crop Insurance Corporation.*

4 “(d) *RESOURCES.—*

5 “(1) *FUNCTIONAL COORDINATION.—Certain func-*
6 *tions of the Office of Risk Management, such as*
7 *human resources, public affairs, and legislative af-*
8 *fairs, may be provided by a consolidation of such*
9 *functions under the Under Secretary of Agriculture*
10 *for Farm and Foreign Agricultural Services.*

11 “(2) *MINIMUM PROVISIONS.—Notwithstanding*
12 *paragraph (1) or any other provision of law or order*
13 *of the Secretary, the Secretary shall provide the Office*
14 *of Risk Management with human and capital re-*
15 *sources sufficient for the Office to carry out its func-*
16 *tions in a timely and efficient manner.”.*

17 “(b) *FISCAL YEAR 1996 FUNDING.—Not less than*
18 *\$88,500,000 of the appropriation provided for the salaries*
19 *and expenses of the Consolidated Farm Services Agency in*
20 *the Agricultural, Rural Development, Food and Drug Ad-*
21 *ministration, and Related Agencies Appropriations Act,*
22 *1996 shall be available for the salaries and expenses of the*
23 *Office of Risk Management established under subsection (a).*

1 (c) *CONFORMING AMENDMENT.*—Section 226(b) of the
 2 Act (7 U.S.C. 6932(b)) is amended by striking paragraph
 3 (2).

4 ***SEC. 505. BUSINESS INTERRUPTION INSURANCE PROGRAM.***

5 (a) *ESTABLISHMENT OF PROGRAM.*—Not later than
 6 December 31, 1996, the Secretary of Agriculture shall im-
 7 plement a program (to be known as the “Business Interrup-
 8 tion Insurance Program”), under which the producer of a
 9 contract commodity could elect to obtain revenue insurance
 10 coverage to ensure that the producer receives an indemnity
 11 payment if the producer suffers a loss of revenue. The na-
 12 ture and extent of the program and the manner of determin-
 13 ing the amount of an indemnity payment shall be estab-
 14 lished by the Secretary.

15 (b) *REPORT ON PROGRESS AND PROPOSED EXPAN-*
 16 *SION.*—Not later than January 1, 1998, the Secretary shall
 17 submit to the Commission on 21st Century Production Ag-
 18 riculture the data and results of the program through Octo-
 19 ber 1, 1997. In addition, the Secretary shall submit infor-
 20 mation and recommendations to the Commission with re-
 21 spect to the program that will serve as the basis for the
 22 Secretary to offer revenue insurance to agricultural produc-
 23 ers, at one or more levels of coverage, that—

24 (1) is in addition to, or in lieu of, catastrophic
 25 and higher levels of crop insurance;

1 (2) *is offered through reinsurance arrangements*
 2 *with private insurance companies;*

3 (3) *is actuarially sound; and*

4 (4) *requires the payment of premiums and ad-*
 5 *ministrative fees by participating producers.*

6 (c) *CONTRACT COMMODITY DEFINED.—In this section,*
 7 *the term “contract commodity” means a crop of wheat,*
 8 *corn, grain sorghum, oats, barley, upland cotton, or rice.*

9 **SEC. 506. CONTINUATION OF OPTIONS PILOT PROGRAM.**

10 *During the 1996 through 2002 crop years, the Sec-*
 11 *retary of Agriculture may continue to conduct the options*
 12 *pilot program authorized by the Options Pilot Program Act*
 13 *of 1990 (subtitle E of title XI of Public Law 101–624; 104*
 14 *Stat. 3518; 7 U.S.C. 1421 note). To the extent that the Sec-*
 15 *retary decides to continue the options pilot program, the*
 16 *Secretary shall modify the terms and conditions of the pilot*
 17 *program to reflect the changes to law made by this Act.*

18 **TITLE VI—COMMISSION ON 21ST**
 19 **CENTURY PRODUCTION AGRI-**
 20 **CULTURE**

21 **SEC. 601. ESTABLISHMENT.**

22 *There is hereby established a commission to be known*
 23 *as the “Commission on 21st Century Production Agri-*
 24 *culture” (in this title referred to as the “Commission”).*

1 **SEC. 602. COMPOSITION.**

2 (a) *MEMBERSHIP AND APPOINTMENT.*—The Commis-
3 sion shall be composed of 11 members, appointed as follows:

4 (1) *Three members shall be appointed by the*
5 *President.*

6 (2) *Four members shall be appointed by the*
7 *Chairman of the Committee on Agriculture of the*
8 *House of Representatives in consultation with the*
9 *ranking minority member of the Committee.*

10 (3) *Four members shall be appointed by the*
11 *Chairman of the Committee on Agriculture, Nutri-*
12 *tion, and Forestry of the Senate in consultation with*
13 *the ranking minority member of the Committee.*

14 (b) *QUALIFICATIONS.*—At least one of the members ap-
15 pointed under each of the paragraphs (1), (2), and (3) of
16 subsection (a) shall be an individual who is primarily in-
17 volved in production agriculture. All other members of the
18 Commission shall be appointed from among individuals
19 having knowledge and experience in agricultural produc-
20 tion, marketing, finance, or trade.

21 (c) *TERM OF MEMBERS; VACANCIES.*—Members of the
22 Commission shall be appointed for the life of the Commis-
23 sion. A vacancy on the Commission shall not affect its pow-
24 ers, but shall be filled in the same manner as the original
25 appointment was made.

1 (d) *TIME FOR APPOINTMENT; FIRST MEETING.*—The
 2 members of the Commission shall be appointed not later
 3 than October 1, 1997. The Commission shall convene its
 4 first meeting to carry out its duties under this Act 30 days
 5 after six members of the Commission have been appointed.

6 (e) *CHAIRMAN.*—The chairman of the Commission
 7 shall be designated jointly by the Chairman of the Commit-
 8 tee on Agriculture of the House of Representatives and the
 9 Chairman of the Committee on Agriculture, Nutrition, and
 10 Forestry of the Senate from among the members of the Com-
 11 mission.

12 **SEC. 603. COMPREHENSIVE REVIEW OF PAST AND FUTURE**
 13 **OF PRODUCTION AGRICULTURE.**

14 (a) *INITIAL REVIEW.*—The Commission shall conduct
 15 a comprehensive review of changes in the condition of pro-
 16 duction agriculture in the United States since the date of
 17 the enactment of this Act and the extent to which such
 18 changes are the result of the amendments made by this Act.
 19 The review shall include the following:

20 (1) *An assessment of the initial success of pro-*
 21 *duction flexibility contracts under section 103 in sup-*
 22 *porting the economic viability of farming in the Unit-*
 23 *ed States.*

24 (2) *An assessment of the food security situation*
 25 *in the United States in the areas of trade, consumer*

1 *prices, international competitiveness of United States*
2 *production agriculture, food supplies, and humani-*
3 *tarian relief.*

4 (3) *An assessment of the changes in farmland*
5 *values and agricultural producer incomes since the*
6 *date of the enactment of this Act.*

7 (4) *An assessment of the extent to which regu-*
8 *latory relief for agricultural producers has been en-*
9 *acted and implemented, including the application of*
10 *cost/benefit principles in the issuance of agricultural*
11 *regulations.*

12 (5) *An assessment of the extent to which tax re-*
13 *lief for agricultural producers has been enacted in the*
14 *form of capital gains tax reductions, estate tax ex-*
15 *emptions, and mechanisms to average tax loads over*
16 *high and low income years.*

17 (6) *An assessment of the effect of any Govern-*
18 *ment interference in agricultural export markets, such*
19 *as the imposition of trade embargoes, and the degree*
20 *of implementation and success of international trade*
21 *agreements.*

22 (7) *An assessment of the likely affect of the sale,*
23 *lease, or transfer of farm poundage quota for peanuts*
24 *across State lines.*

1 (b) *SUBSEQUENT REVIEW.*—*The Commission shall*
2 *conduct a comprehensive review of the future of production*
3 *agriculture in the United States and the appropriate role*
4 *of the Federal Government in support of production agri-*
5 *culture. The review shall include the following:*

6 (1) *An assessment of changes in the condition of*
7 *production agriculture in the United States since the*
8 *initial review conducted under subsection (a).*

9 (2) *Identification of the appropriate future rela-*
10 *tionship of the Federal Government with production*
11 *agriculture after 2002.*

12 (3) *An assessment of the personnel and infra-*
13 *structure requirements of the Department of Agri-*
14 *culture necessary to support the future relationship of*
15 *the Federal Government with production agriculture.*

16 (c) *RECOMMENDATIONS.*—*In carrying out the subse-*
17 *quent review under subsection (b), the Commission shall de-*
18 *velop specific recommendations for legislation to achieve the*
19 *appropriate future relationship of the Federal Government*
20 *with production agriculture identified under subsection*
21 *(a)(2).*

22 **SEC. 604. REPORTS.**

23 (a) *REPORT ON INITIAL REVIEW.*—*Not later than*
24 *June 1, 1998, the Commission shall submit to the President,*
25 *the Committee on Agriculture of the House of Representa-*

1 *tives, and the Committee on Agriculture, Nutrition, and*
 2 *Forestry of the Senate a report containing the results of*
 3 *the initial review conducted under section 603(a).*

4 (b) *REPORT ON SUBSEQUENT REVIEW.*—Not later
 5 than January 1, 2001, the Commission shall submit to the
 6 President and the congressional committees specified in sub-
 7 section (a) a report containing the results of the subsequent
 8 review conducted under section 603(b).

9 **SEC. 605. POWERS.**

10 (a) *HEARINGS.*—The Commission may, for the pur-
 11 pose of carrying out this Act, conduct such hearings, sit
 12 and act at such times, take such testimony, and receive such
 13 evidence, as the Commission considers appropriate.

14 (b) *ASSISTANCE FROM OTHER AGENCIES.*—The Com-
 15 mission may secure directly from any department or agen-
 16 cy of the Federal Government such information as may be
 17 necessary for the Commission to carry out its duties under
 18 this Act. Upon request of the chairman of the Commission,
 19 the head of the department or agency shall, to the extent
 20 permitted by law, furnish such information to the Commis-
 21 sion.

22 (c) *MAIL.*—The Commission may use the United
 23 States mails in the same manner and under the same condi-
 24 tions as the departments and agencies of the Federal Gov-
 25 ernment.

1 (d) *ASSISTANCE FROM SECRETARY.*—*The Secretary of*
2 *Agriculture shall provide to the Commission appropriate of-*
3 *fice space and such reasonable administrative and support*
4 *services as the Commission may request.*

5 **SEC. 606. COMMISSION PROCEDURES.**

6 (a) *MEETINGS.*—*The Commission shall meet on a reg-*
7 *ular basis (as determined by the chairman) and at the call*
8 *of the chairman or a majority of its members.*

9 (b) *QUORUM.*—*A majority of the members of the Com-*
10 *mission shall constitute a quorum for the transaction of*
11 *business.*

12 **SEC. 607. PERSONNEL MATTERS.**

13 (a) *COMPENSATION.*—*Each member of the Commission*
14 *shall serve without compensation, but shall be allowed travel*
15 *expenses including per diem in lieu of subsistence, as au-*
16 *thorized by section 5703 of title 5, United States Code, when*
17 *engaged in the performance of Commission duties.*

18 (b) *STAFF.*—*The Commission shall appoint a staff di-*
19 *rector, who shall be paid at a rate not to exceed the maxi-*
20 *mum rate of basic pay under section 5376 of title 5, United*
21 *States Code, and such professional and clerical personnel*
22 *as may be reasonable and necessary to enable the Commis-*
23 *sion to carry out its duties under this Act without regard*
24 *to the provisions of title 5, United States Code, governing*
25 *appointments in the competitive service, and without re-*

1 *gard to the provisions of chapter 51 and subchapter III of*
 2 *chapter 53 of such title, or any other provision of law, relat-*
 3 *ing to the number, classification, and General Schedule*
 4 *rates. No employee appointed under this subsection (other*
 5 *than the staff director) may be compensated at a rate to*
 6 *exceed the maximum rate applicable to level GS-15 of the*
 7 *General Schedule.*

8 *(c) DETAILED PERSONNEL.—Upon request of the*
 9 *chairman of the Commission, the head of any department*
 10 *or agency of the Federal Government is authorized to detail,*
 11 *without reimbursement, any personnel of such department*
 12 *or agency to the Commission to assist the Commission in*
 13 *carrying out its duties under this section. The detail of any*
 14 *such personnel may not result in the interruption or loss*
 15 *of civil service status or privilege of such personnel.*

16 **SEC. 608. TERMINATION OF COMMISSION.**

17 *The Commission shall terminate upon submission of*
 18 *the final report required by section 604.*

19 **TITLE VII—EXTENSION OF**
 20 **CERTAIN AUTHORITIES**

21 **SEC. 701. EXTENSION OF AUTHORITY UNDER PUBLIC LAW**

22 **480.**

23 *Section 408 of the Agricultural Trade Development*
 24 *and Assistance Act of 1954 (7 U.S.C. 1736b) is amended*
 25 *by striking “1995” and inserting “1996”.*

1 **SEC. 702. EXTENSION OF FOOD FOR PROGRESS PROGRAM.**

2 *Section 1110 of the Food Security Act of 1985 (7*
 3 *U.S.C. 1736o), also known as the Food for Progress Act of*
 4 *1985, is amended—*

5 *(1) in subsection (k), by striking “1995” and in-*
 6 *serting “1996”; and*

7 *(2) in subsection (l), by striking “1995” and in-*
 8 *serting “1996”.*

HR 2854 RH—2

HR 2854 RH—3

HR 2854 RH—4

HR 2854 RH—5

HR 2854 RH—6

HR 2854 RH—7

HR 2854 RH—8

HR 2854 RH—9

HR 2854 RH—10

HR 2854 RH—11